Applied Investment Management (AIM) Program

AIM Class of 2017 Equity Fund Reports
Fall 2016

Date: Friday, September 30th | ***Time:*** *3:15 – 4:00* p.m. | ***Location: AIM Research Room 488***

Student Presenter	Company Name	Ticker	Sector	Page
Kristiyan Trukov	U. S. Concrete, Inc.	USCR	Industrials	2
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These student presentations are an important element of the applied learning experience in the AIM program. The students conduct fundamental equity research and present their recommendations in written and oral format – with the goal of adding their stock to the AIM Equity Fund. Your comments and advice add considerably to their educational experience and is greatly appreciated. Each student will spend about 5-7 minutes presenting their formal recommendation, which is then followed by about 8-10 minutes of Q & A.

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U. S. Concrete, Inc. (USCR)
September 30, 2016

Kristiyan Trukov — Domestic Industrials

U.S. Concrete, Inc. (NYSE: USCR) is a leading producer of ready-mixed concrete in select geographic markets across the United States including: Texas, California, New York and New Jersey. The company focuses on formulation, preparation, and delivery of ready-mixed concrete, as well as the production of crushed stone, sand and gravel. It operates in two segments: Ready-mixed Concrete (93.6% of 2015 revenue) and Aggregate Products (6.4%). Over the last two years, USCR has engaged in numerous acquisitions that have given it roughly a 30% market share in some of the largest construction areas like New York, San Francisco, and Dallas/Fort Worth. The firm has worked on numerous well-known projects such as the San Francisco 49ers Stadium in Santa Clara, CA, the Toyota North American Headquarters in Frisco, TX, and the World Trade Center Complex in Manhattan, among others. The company was founded in 1997 and is currently headquartered in Euless, TX.

Price ($):	48.34
Price Target ($):	66.37
52WK H-L ($):	69.66 - 40.42
Market Cap (mil):	722
Float (mil):	14.2
Short Interest (%):	11.6
Avg. Daily Vol (mil):	0.3
Dividend ($):	0.00
Yield (%):	0.0

Beta:	1.14
WACC	7.99%
M-Term Rev. Gr Rate Est:	12.0%
M-Term EPS Gr Rate Est:	21.1%
Debt/Equity:	0.61
Debt/EBITDA (ttm):	3.28
ROA (%):	7.74%
ROE (%):	21.49%
ROIC (%):	12.53%

FY: Dec	2015A	2016E	2017E	2018E
Revenue (Mil)	974.7	1,169.6	1,321.7	1,427.4
% Growth	0.39	0.20	0.13	0.08
Gross Margin	0.21	0.21	0.22	0.23
EBITDA Margin	0.13	0.12	0.13	0.13
EPS (Cal)	1.83	2.30	3.05	3.66
FCF/Share	3.70	4.61	5.41	6.59
P/E (Cal)	26.42	21.01	15.87	13.20
EV/EBITDA	8.61	8.08	6.58	5.73

Recommendation

The construction industry has recovered well since a rapid fall during the 2007-08 financial crisis and USCR has been able to capitalize on the growth that has occurred since the Great Recession. The commercial construction industry has been growing at a 5-year CAGR of 14%, and according to the American Institute of Architects (AIA), it will continue to grow at 9.9% and 7.5% in 2016 and 2017, respectively. Considering commercial construction is the largest part of USCR's business (57% of revenue), it is likely that the firm will cash in on this projected growth. Further, President Obama signed a $305B highway bill in December 2015. Roughly, $200B of the funding will be spent on highways and $50B on transit projects. With 15% of USCR's revenue coming from street and highway construction, they should be able to capitalize on this spending bill and grow that area of their business. The bill extends through 2020 and it is the first long-term plan of this sort since 2005. Additionally, in 2015, USCR made a couple of key acquisitions in Texas to further their vertical integration efforts to grow their Aggregate segment. As this part of the business continues to grow, the company should become more efficient from the projected savings in raw materials. USCR has also been able to increase pricing about 35% since 2009 versus the industry increase of 15%. As they continue to grow and gain market share, their ability to increase prices will directly increase their top line growth. Management has stated that they will pass any raw material price increases in the future on to their customers. Lastly, the company's stock price took a hit after 2Q16 earnings. This was due to adverse weather conditions in Texas and it will not affect earnings going forward, therefore it should be a favorable time to buy the stock. Due to their market positioning, US construction industry growth in the upcoming years, management's ability to execute acquisitions, and stock price timing, it is recommended that USCR be added to the AIM Equity Fund with a price target of $66.37, which represents a 37.30% upside. USCR does not pay a dividend and does not plan to pay one in the near future.

Investment Thesis

- **Continual increase in market share in key markets.** The two largest construction markets by dollars spent are in New York and Dallas with $46.6B and $17.8B spent in 2015, respectively. USCR holds the number one market share spot in the New York area and the number two spot in

Dallas. This was mainly achieved by acquisitions in those areas - and management has stated that more acquisitions likely will follow as this industry continues to consolidate. Further, USCR holds a leading market share in northern California by owning the top spot in San Francisco. Construction in that area is increasing – mainly driven by strong growth in the technology sector. The company is strategically positioned in some of the most populous and growing areas in the country, which will continue to drive revenues year over year.

- **Rise in construction spending poised to continue.** Construction spending has increased each year since 2012 at an average of 9% per year with the highest growth occurring in 2015 (+$106B). Further, the AIA conducted a survey of the nation's leading construction forecasters and projects that overall construction will grow by 8.3% in 2016 and 6.7% in 2017. As USCR continues to grow and maintains the top spot in some of the largest markets, they are well positioned to capture a healthy portion of this predicted growth. Further, the new projects inquiry index came in at 61.8 for August 2016 and any score over 50 signals for an increase in projects in the following 9-12 months, therefore the recent reading is very promising to the growth that is expected in the construction industry.
- **Management's ability to execute acquisitions.** USCR is in a highly consolidating industry that makes acquisitions a key aspect to growth and survival. The management team led by William Sandbrook has proven to be very successful in their ability to detect, execute, and integrate key acquisitions. They have completed 17 acquisitions in the last two years, which has accounted for 80-90% of their growth. In a quarterly call, Sandbrook eluded to a potential larger acquisition in the southeast. Many believe the target will be within Florida, with that being a large market where USCR is not currently present. Given the company's proven record of acquisitions, penetrating Florida's construction industry would continue to drive revenues forward.

Valuation

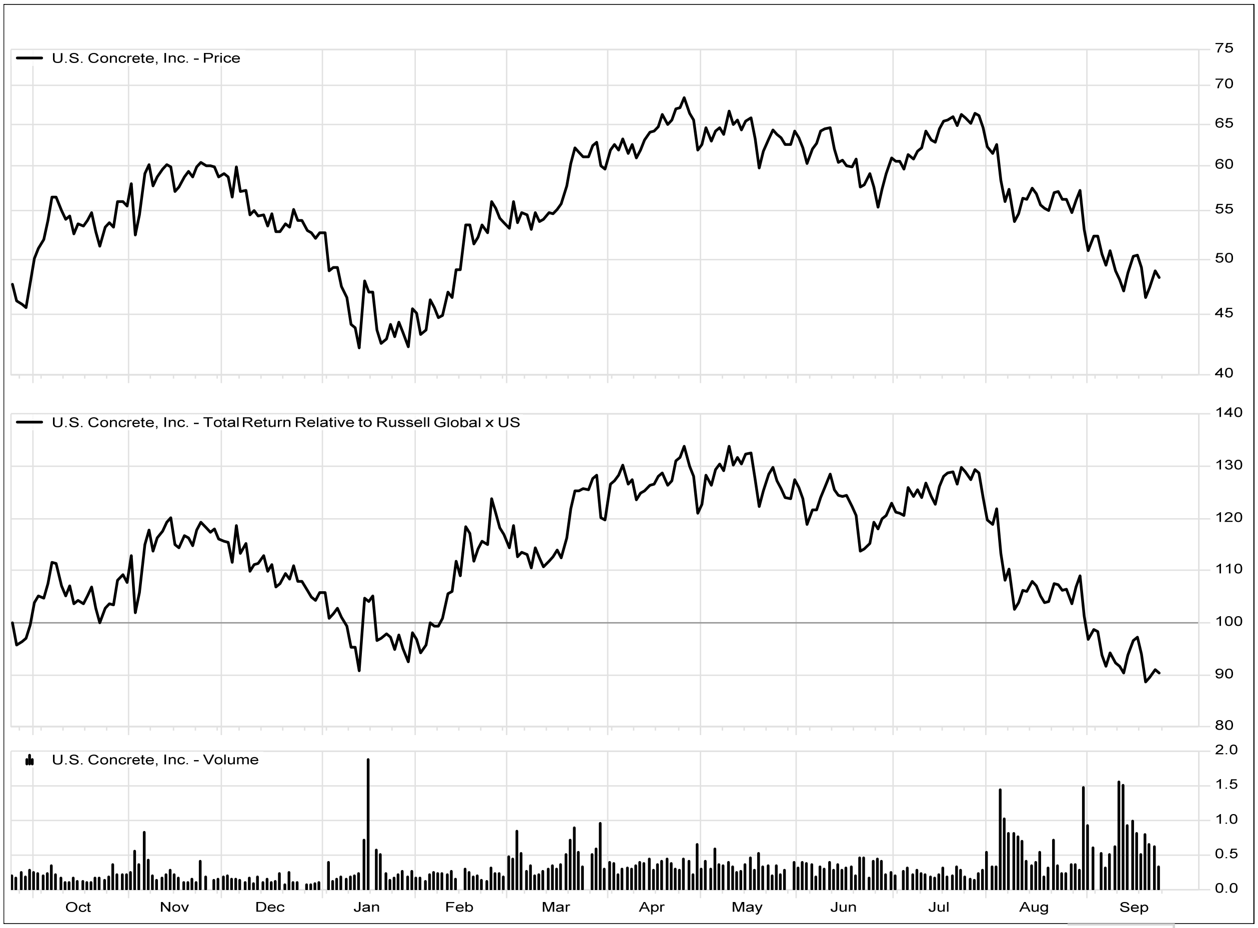
To reach an intrinsic value for USCR, a five-year DCF model was constructed. Using a WACC of 7.99% and terminal growth rate of 1.5%, an intrinsic value of $64.91 was reached. A sensitivity analysis on the terminal growth (± 0.50%) and WACC (± 1%) ranged from $51.20-101.84. Addionally, a sensitivity analysis of the free cash flow (± $50M) and WACC (± 1%) resulted in a range from $48.86-89.75. Finally, a P/E multiple valuation was constructed using an estimated 2016 EPS of $2.30 and comparable average P/E of 30.32x which resulted in a valuation of $69.77. By weighing the two valuation models 70/30, a price target of $66.37 was reached, resulting in a 37.30% upside. USCR does not pay a dividend, and it does not plan to pay a dividend in the foreseeable future.

Risks

- **Level of construction activity.** USCR's operations are directly affected by private and public construction. Construction activity is closely tied to the strength of the economy, and any decline could materially affect USCR's top line.
- **Texas economy.** The Texas economy is largely driven by crude oil price. If the price of oil drops further, construction level will decline which will directly affect USCR's operations in that region. Texas accounts for roughly 40% of the company's consolidated revenue.
- **Acquisition Activity.** USCR is very aggressive with acquisitions. Although they have been well integrated in the past, it is possible that some future acquisitions will not fit in as well; therefore, resulting in slower growth.

Management

William Sandbrook was appointed President and CEO of USCR in 2012. Prior to his appointment, he was CEO of Olcastle Products and Distribution. He has had several leadership positions and roughly 25 years of experience within the construction materials industry, and he is well respected among investors. Mr. Sandbrook has completed numerous bolt-on acquisitions that have improved the company's footprint without materially driving leverage higher.



Peer Analysis

Name	Ticker	Market Cap (mil)	Sales (mil)	EBITDA	Dividend Yield	EV/ EBITDA	P/E
U.S. Concrete	USCR	722	975	122	0.0%	8.61	26.77
Vulcan Materials	VMC	15,019	3,422	847	0.7%	16.94	40.00
Cemex S.A.B. de C.V.	CX	10,924	14,127	2,638	0.0%	8.94	43.91
Hanil Cement Co. Ltd.	003300	519	1,249	155	2.0%	3.57	17.66
Martin Marietta Materials Inc.	MLM	11,541	3,268	756	0.9%	13.52	30.55
Eagle Materials Inc.	EXP	3,705	1,144	327	0.5%	11.96	19.46
Peer Averages		8,342	4,642	945	0.8%	11.0	30.3

Ownership

% of Shares Held by All Insider Owners:	6.65%
% of Shares Held by Institutional & Mutual Fund Owners:	>90%

Source: FactSet

Top 5 Shareholders

Holder	Shares	% Out
BlackRock Fund Advisors	1,229,820 ▲	8.07
The Vanguard Group, Inc.	892,377 ▲	5.86
Hodges Capital Management, Inc.	859,186 ▲	5.64
Next Century Growth Investors LLC	558,491 ▲	3.67
Dimensional Fund Advisors LP	541,498 ▲	3.56

Source: FactSet

Braskem S.A. (BAK)
September 30, 2016

Chengbin (Henry) Lu International Material

Braskem S.A. (NYSE: BAK) is an international petrochemical company. They are a thermoplastic resins provider that produces, distributes, and sells petrochemical and plastic resins including polyethylene (PE), polypropylene (PP) and polyvinyl chloride (PVC), as well as other basic petrochemicals. BAK is one of the largest petrochemical producers in Brazil. The company operates through five major segments: Basic Petrochemicals (42.7% of revenue), Polyolefins (35.6%), Vinyls (5%), the United States and Europe (14.7%), and Chemical Distribution (1.5%). BAK operates 27 industrial facilities internationally. Braskem was founded at January 1972 and is headquartered in Sao Paulo, Brazil.

Price ($): (9/23/16)	14.16	Beta:	0.50	FY: Dec	2015	2016E	2017E	2018E
Price Target ($):	17.62	WACC	10.1%	Revenue (Mil)	47283.0	45,388.07	47,070.67	48,170.89
52WK H-L ($):	7.75-15.58	M-Term Rev. Gr Rate Est:	2.48%	% Growth	2.72%	-4.01%	3.71%	2.34%
Market Cap (mil):	5,278.9	FCF/Total Debt	12.0%	Gross Margin	21.95%	25.50%	23.50%	22.50%
Float (mil):	797.2	Net debt/Equity:	1666.9%	Operating Margin	14.91%	19.57%	17.91%	16.92%
Short Interest (%):	1.42%	Net Debt/EBITDA (ttm):	2.95	EPS ($)	$1.10	$1.06	$1.50	$1.40
Avg. Daily Vol:	448,661	ROA:	5.6%	FCF/Share	$5.11	$2.06	$6.87	$5.20
Dividend ($):	0.71	ROE:	67.5%	P/E (Cal)	11.66	16.56	11.70	12.55
Yield (%):	5.03%	ROIC:	8.3%	EV/EBITDA	3.47	4.20	4.30	4.40

Recommendation

In 2015, Braskem recorded a revenue high of 47.3 billion Brazilian Reals(R$); with 48% obtained from customers outside of Brazil. Despite the cyclical nature of the petrochemicals market, the volume of BAK's sales has grown at a 6-year CAGR of over 10% since 2010, driven by the company's strategic long-term relationships with key customers and feedstock suppliers. Recent sales in the Basic Petrochemicals unit decreased 5.1% compared to 2014, which were mainly affected by the Brazilian economy retreating in 2015. The gross margin for this segment, however, widened 800 bps from 9% to 17%, which was largely a result of the price drop of the raw material naphtha. Even though the spread between petrochemicals and naphtha, according to the data provided by IHS, had tightened during 1H2016 because of oil price increases, the future trend remains positive due to the oversupply of naphtha in the market. The Polyolefins and Vinyls units, which mainly produce polyethylene, polypropylene, and PVC, together accounted for 40.6% of the total revenue in 2015. Revenue for these two segments has grown at a 5-year CAGR of 9.3% from R$14.6B to R$22.8B since 2011. Additionally, BAK is currently the only producer for PE and PP in Brazil and dominates 68% of the country's market share. In April 2016, BAK wrapped up the construction of its new polyethylene complex at Mexico. The importance of this complex is that it supplies the Mexican PE market, which has a supply deficit of around 70% relative to demand. Once the complex starts to operate, it will help BAK become the largest provider for the Mexican market. Thus, with the implementation of sustainable business strategies, positive spread outlook, and global market expansion, it is recommended that BAK be added AIM international portfolio with a price target of 17.61, representing a 24.3% upside.

Investment thesis

- **New chemical complex plant at Mexico**. The construction of this plant began in 2012 and BAK commenced operations with the production of the first batch of polyethylene in April 2016. This plant includes an ethane cracker with annual capacity of 1.05 million tons which produces ethylene and PE, which represent 34% of the current production capacity of the company. Different from other PE complex plants BAK owns that use naphtha as the raw material, this plant will use ethane, which will help BAK achieve a 50% higher margin. The plant's capacity utilization rate was 32% at the end of 2Q16 and according to the estimation from Santander, it could be close to 60% during 3Q16 and reach 90% by the end of 2016.

- **Growth opportunities in PP market in the US**. Polypropylene is widely used in auto industry and pharmaceutical industry. According to IHS, PP demand in the US and Europe has both grown at a 5-yr CAGR of 2% since 2011. Additionally, the situation of oversupply of raw material used to make PP will likely be maintained until 2018, however, beyond that the outlook for the spread will be positive. Additionally, BAK is currently the largest PP producer in the US.
- **Attractive future cash flow generation and cost cutting program**. After starting the new program in Mexico in 2012, BAK was not able to generate positive free cash flow until 2015. However, with the completion of this program and the depreciated Brazilian Real, BAK should be in a position to generate strong cash flow in 2016. Additionally, BAK continues to implement their expense reduction program, generating potential recurring savings of R$400 million per year, which should be fully achieved in 2017.

Valuation

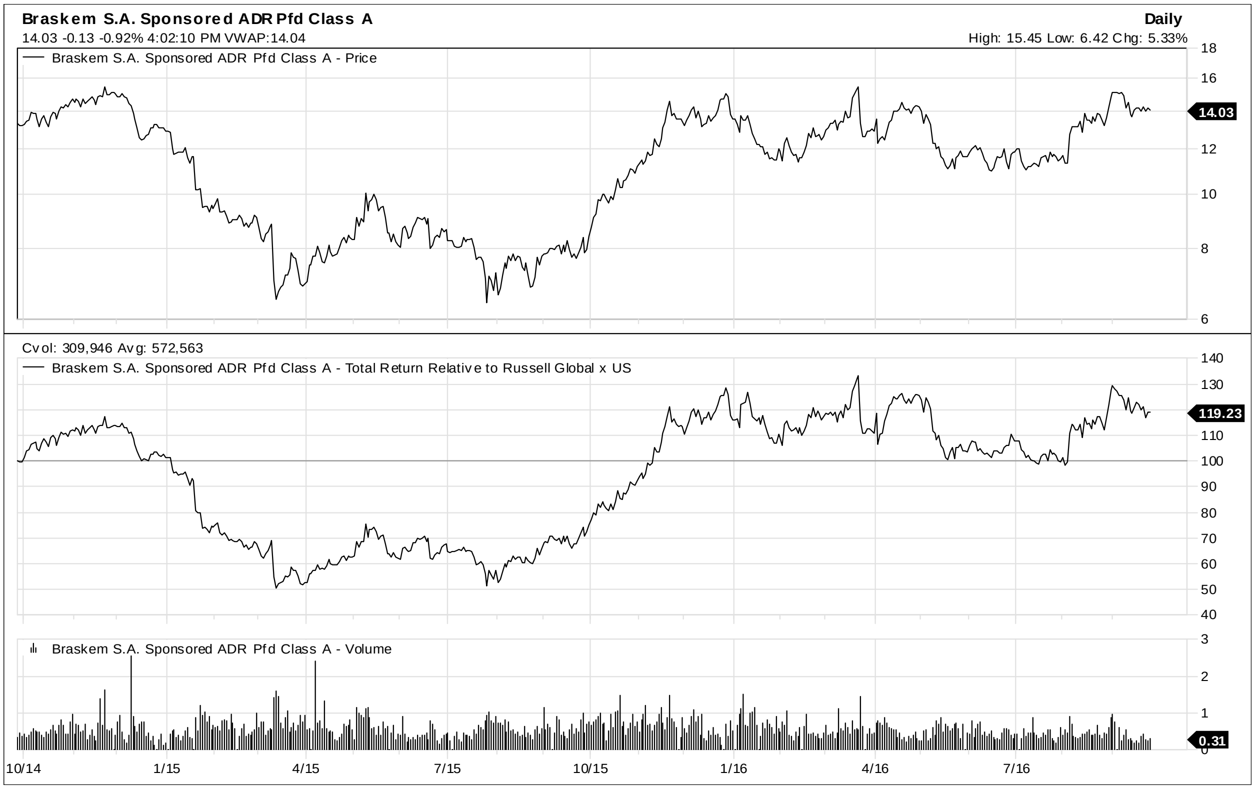
In order to reach an intrinsic value for BAK, a five-year DCF model was constructed. Using a terminal growth rate of 2.0% and WACC of 10.14%, an intrinsic value of $17.51 was reached. A sensitivity analysis on the terminal growth rate and WACC ranged from $12.9-$27.8Additionally, an EV/EBITDA multiple valuation was conducted. By weighting the comparable average EV/EBITDA of 8.9x and BAK's estimated EV/EBITDA of 5.4x 50/50, a projected 2016 EBITDA of $3166.2mm, a valuation of $17.86 was reached. Weighting the DCF and projected multiple 70/30, a price target of 17.61 was reached, representing a 24.3% upside to the current market value. BAK has a dividend yield of 4.8%.

Risks

- **Price fluctuation on raw materials**. Naphtha is the principle raw material used by company's Basic Petrochemicals, Polyolefins, and Vinyls units. It accounted for approximately 44.5% of the consolidated cost of sales and services rendered in 2015. Additionally, the company currently does not have any hedges against changes in the price of Naphtha.
- **Stringent environmental regulations**. BAK has production operations in the United States, Germany, and Mexico. All these plants are subject to federal, state and local laws, regulations relating to pollution restrictions, and protection of the environment. Changes in environmental regulations could inhibit or interrupt BAK's operations and raise the costs and capital expenditures.
- **Sale of Petrobras's stake in Braskem**. In September 2016, Petrobras, which is BAK's second-largest shareholder, with about 47% of voting stock and 36% of its total capital, said that it has the intention to sell their stake due to its own funding needs; however, there has not been a specific date stated by Petrobras. This action would likely weigh down BAK's share price, but Petrobras will continue to be BAK's raw material supplier until the agreements expire.

Management

Fernando Musa is currently the Chief Executive Officer at BAK. He was in charge of the company's United States and Europe Unit during April 2012 and April 2016. Pedro van Langendonck Teixeira de Freitas is the Chief financial officer and investor relations officer from 2011 to 2016. Before 2011, Mr. Freitas was a strategy consultant. He holds a degree in production engineering from the Polytechnic School of the University of São Paulo and an MBA from INSEAD.



Ownership

% of Shares Held by All Insider and 5% Owners:	0.01%
% of Shares Held by Institutional & Mutual Fund Owners:	7.38%

Source: FactSet

Top 5 Shareholders

Holder	Shares(000)		% Out
Renaissance Technologies LLC	1785	▲	1.03
Macquarie Group Ltd.	1372	▼	0.80
Dimensional Fund Advisors LP	1026	▼	0.60
The Vanguard Group, Inc	885	▼	0.51
Credit Suisse Group, Inc.	697	▲	0.40

Source: FactSet

Peer Analysis

Name	Ticker	Market Cap (mil)	Net Income (mil)	D/E	P/E	EV/ EBITDA
Braskem	BAK	5,278.9	939.60	20.35	11.66	4.28
Du Pont (E.I.) De Nemours	DD	58,380	1,889.00	0.88	26.56	15.61
Arkema SA	AKE.PA	6,820	314.50	0.87	17.06	7.15
BASF	BASFY	4,530	4,400.00	0.51	16.76	9.15
Dow Chemical	DOW	58,870	7,634.00	0.68	7.63	8.92
Mexichem SAB	MXCHY	4,726	184.00	1.08	87.6	14.70
Peer Averages		26,665	2,884	0.80	31.12	11.11

Source: FactSet

Astec Industries (ASTE)
September 30, 2016

Sarah Hillegass | Domestic Industrials

Astec Industries (NASDAQ: ASTE) is a manufacturer and seller of equipment serving the construction/infrastructure, energy, and mining markets. ASTE consists of three operating segments: Infrastructure Group (43.6% of net sales, 45% of EBITDA), Aggregate and Mining Group (37.7%, 45%), and Energy Group (18.7%, 10%). ASTE's Infrastructure Group manufactures portable asphalt plants, wood pellet plants, and milling machines. The Aggregate and Mining Group manufactures jaw crushers, cone crushers, shaft impactors, and rockbreaker systems. The Energy Group manufactures drilling rigs, diesel pump trailers, and industrial heaters. ASTE has 20 manufacturing plants and 12 sales/service facilities spread throughout North America, South America, Europe, Australia, and South Africa. Astec Industries was founded in 1972 and is headquartered in Chattanooga, TN.

Price ($): (9/21/16)	58.22
Price Target ($):	71.25
52WK H-L ($):	62-30
Market Cap (mil):	1,341.39
Float (mil):	30.85
Short Interest (%):	2.30%
Avg. Daily Vol (th):	153.86
Dividend ($):	0.40
Yield (%):	0.69%

Beta:	1.04
WACC	8.98%
M-Term Rev. Gr Rate Est:	9.00%
M-Term EPS Gr Rate Est:	21.53%
Debt/Equity:	0.00%
Debt/EBITDA (ttm):	0.12
ROA:	4.14%
ROE:	5.45%
ROIC:	5.40%

FY: Dec	2015A	2016E	2017E	2018E
Revenue (Mil)	983.16	1,032.31	1,114.90	1,226.39
% Growth	0.78%	5.00%	8.00%	10.00%
Gross Margin	22.20%	23.30%	24.85%	26.05%
Operating Margin	5.05%	6.30%	7.85%	9.05%
EPS (Cal)	$1.42	$1.86	$2.49	$3.14
FCF/Share	$0.42	$0.39	$1.23	$1.88
P/E (Cal)	28.66	31.28	23.41	18.54
EV/EBITDA	12.49	15.24	12.14	10.01

Recommendation

Astec Industries is strategically well positioned, to improve its profitability and financial position by designing and manufacturing equipment for investment in infrastructure and cleaner energy. ASTE prides itself on being a technological innovator within the construction equipment industry. For instance, they offer advanced manufacturing products such as 'Double Barrel Green' warm mix asphalt plants, portable asphalt plants, 'Shuttle Buggy' material transfer vehicles and wood pellet plants. These products have led ASTE to gain a leadership market share position within the equipment industry. However, due to the extreme competition in the industry, ASTE is determined to improve future margins (22% GPM, 5% OPM) by capitalizing on potential pricing power. During the past two years, the Aggregate and Mining Group and the Energy Group have been extremely challenged due to the strong US Dollar, declining mining industry activity, and the volatile gas and oil environment. Therefore, in order to remain profitable, ASTE has implemented a lean manufacturing philosophy, which has reduced absorption costs by $3.1M on year to date basis. Additionally, ASTE is seeking to complete strategic acquisitions to offset the declines in the mining industry in order to remain relevant. In July 2016, ASTE announced the acquisition of PowerFlame for $43M in cash, which produces low emission burners for industrial and commercial use. Due to its focused profitability initiative, technological equipment innovation, and active acquisition strategy, it is believed that ASTE is poised to grow with a 5 year EPS CAGR of 13%. Therefore, it is recommended that Astec Industries be added to the AIM Equity Fund with a target price of $71.25, representing a 22.37% upside. ASTE pays a $0.40 annual dividend with a 0.7% yield.

Investment Thesis

- **Wood Pellet Plants.** In 4Q13, ASTE completed the first development of wood pellet plants, which provide renewable energy via the wood-to-energy market. The demand for this type of plant is highly concentrated and currently focused in the UK and Europe. Importantly, the emissions from this energy process are below the Title 5 threshold. The plants run at 60 ton-per-hour (TPH) and are not limited by small malfunctions due to the parallel structure of the plant layout. ASTE hopes that these wood pellet plants, which are a substitute for coal mining, will also gain traction in the US. Currently, ASTE has two major production contracts for these plants, one for $155M and one for $60M. Another order for $80M is expected to close in 4Q. ASTE's goal is to maintain at least 1-2 contracts a year to achieve a $200M per year market. Additionally, Astec headquarters is adding a bay to provide space for the larger drums, which are required for pellet plants, which will be completed in 3Q16.

- **"Life is a highway."** In December 2015, the Fixing America's Surface Transportation Act (FAST Act) was signed into law. This highway bill provided around $250B of funding for highways and transit projects with a five-year duration until September 2020. This was the first multi-year public infrastructure law in nearly a decade. Due to this bill, asphalt mix plants have contributed heavily to the growth of the Infrastructure segment. The segment increased 31% q/o/q in 2Q16. This bill is expected to provide long-term growth for this segment for at least the next five years. The infrastructure backlog excluding the wood pellet plants, has increased 175% year over year as of 2Q16 due to this surge in asphalt mix plants.
- **Switching lanes to higher margins.** As of FY 2015, ASTE has maintained its gross and net margins at 22% and 4%, even with the major headwinds faced over the last two years related to the stronger US Dollar, oil volatility, and the decline of the mining industry. To combat this, ASTE has worked to increase its parts sales to contribute higher margins to its sales mix. In 2Q16, part sales increased by 8.8% in the Infrastructure group, which led to the 180 basis point increase in gross margins. ASTE's parts sales business includes servicing and replacing parts for existing equipment and servicing competitor's equipment. The service and replacement parts business constitutes 27% of revenues and produces higher margins. This drive will complement ASTE's commitment to excellent customer service, as demonstrated by their 24/7 service lines.

Valuation

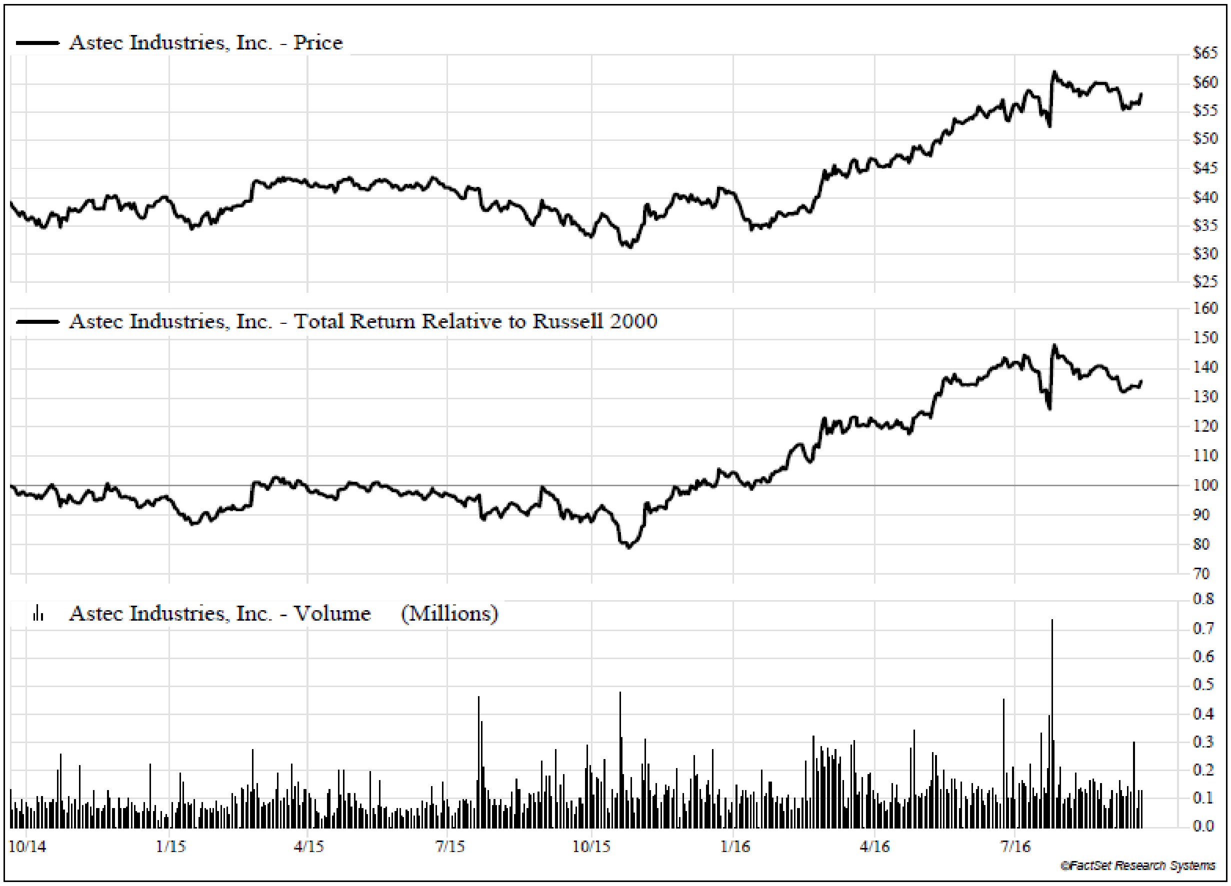
In order to reach an intrinsic value for ASTE, a five year DCF model was constructed. Using a terminal growth rate of 2.0%, WACC of 8.98%, an intrinsic value of $72.91 was reached. A sensitivity analysis on the terminal growth rate and WACC ranged from $63.76-84.63. Additionally, a P/E multiple valuation was conducted using EPS NTM of $2.17, a comparables average P/E of 39.24x, which resulted in a valuation of $85.32. Finally, a sum of the parts EV/EBITDA multiple valuation was calculated. Using a peer multiple for each segment resulted in a valuation of $53.85. By weighting the three valuation models 50/25/25, a price target of $71.25 was reached, which yields an 22.4% upside.

Risks

- **Currency impacts.** Due to the strength of the dollar over the last two years, international operations have contributed decreasing revenues related to total firm revenues (27% of net sales 2015, 33% 2014). The strong USD provides a major headwind to exporting products. Additionally, ASTE is subject to foreign exchange impacts of other currencies in which it does business. ASTE has a subsidiary, Astec Brazil, which is subject to the extreme volatility of economics and politics facing the Brazilian Real. As of 1Q16, Brazil's subsidiary has $10M debt with a 6% interest rate. ASTE also has a subsidiary, Osborn, in South Africa. When Osborn was bought the Rand was trading at 7, now it is at 16.
- **Material costs.** Steel is the main components of ASTE's Cost of Goods Sold. Steel mills have signaled that steel price will increase up to 12% in the coming months. ASTE has hedged its exposure to price changes through 3Q16, but then it will need to update future hedging. This could further suppress margins. Additionally, asphalt is a byproduct of a mixture between petroleum and aggregates, making ASTE dependent on oil prices for all of its business segments.

Management

Ben Brock took over the position of CEO on January 1, 2014. He was formerly the President of Astec, Inc. (a subsidiary) from 2006-2013. He took over the role of CEO from his father, Don Brock, who passed away in March, 2015. Brock and four others founded ASTE in 1972. His estate has recently sold nearly all of its holdings in ASTE. His first wife is still a top five shareholder. David Silvious, CPA has been the CFO of Astec Industries since August, 2011. He has been with the firm since 1999 as a financial analyst, and then as the Corporate Controller from 2005-2011.



Source: Factset

Ownership

% of Shares Held by All Insider and 5% Owners:	16.95%
% of Shares Held by Institutional & Mutual Fund Owners:	>89.2%

Source: FactSet

Top 5 Shareholders

Holder	Shares	% Out
Franklin Advisory Services, LLC	2,063,000	8.95
Estate of Don J Brock	1,927,000	8.37
BlackRock Fund Advisors	1,727,000	7.49
Brock, Lynne W	1,588,000	6.89
Dimensional Fund Advisors	1,504,000	6.53

Source: FactSet

Peer Analysis

Name	Ticker	Market Cap (mil)	Gross Margin (%)	Debt/EBITDA	P/E FY1	EV/ EBITDA
Astec Industries, Inc.	ASTE	1,341	23.5%	0.1	31.3	15.2
Caterpillar	CAT	48,766	24.2%	6.0	23.7	12.6
Terex	TEX	2,627	19.0%	4.1	25.7	10.1
Metso	METSO	4,206	29.7%	2.3	21.7	11.2
Sandvik	SAND	13,326	38.1%	2.5	10.1	9.2
Peer Averages		17,231	27.8%	3.7	20.3	10.8

Source: FactSet