

CRH and Arcosa: How should integration create value?

Internal ID: S&F-STR-174

Topic: Mergers & Acquisitions, Customer Strategy, Operations Strategy

Industry: Construction Materials

Source: Strategy & Finance

Publication date: 5 October 2026

License: Not specified

Information cutoff: October 4, 2026, 11:59 p.m. U.S. Eastern Time.

Teaching case: The transaction has been signed and Arcosa shareholders have approved it, but closing conditions remain. The assignment below is a hypothetical post-close planning exercise. No integration or synergy results were public by the cutoff.

The assignment

CRH plc has agreed to acquire Arcosa, Inc. The shareholder vote is complete, and the companies describe the expected closing period as the first quarter of 2027, subject to regulatory and other customary conditions. A hypothetical CRH integration-planning team is asked to recommend how the group should organize post-close work to pursue CRH's announced \$175 million annual run-rate cost-synergy target by year three.

The team must decide where to integrate operations and systems, where to retain local decision-making, and what evidence should govern later changes. It must plan within the merger agreement and applicable competition rules: the assignment does not authorize pre-close coordination of prices, bids, customers, output, or operations.

Consider three possible approaches:

1. **Integrate broadly and early after close.** Move quickly on group-wide operating, procurement, self-supply, and administrative changes to pursue the target within three years.
2. **Preserve Arcosa's local operating model.** Keep its customer-facing and site decisions largely intact, targeting only clearly separable support-function efficiencies.
3. **Stage integration by workstream and market.** Set post-close baselines, begin with demonstrable low-risk opportunities, and release more consequential changes only when cost, quality, customer, employee, and market evidence supports them.

Which approach-or combination-should CRH choose? Identify the functions or decisions to integrate, preserve, or gate; explain how the plan would be measured; and state what evidence would change its course.

A portfolio with different kinds of fit

CRH supplies building materials and infrastructure products across North America, Europe, and Australia. Its Americas Materials Solutions business includes aggregates, cementitious materials, ready-mixed concrete, asphalt, and paving services. Its other reporting segments include North American building and infrastructure products, plus businesses in Europe and Australia.

Arcosa's Construction Products business includes natural and recycled aggregates, asphalt, terminals, and other site-support services. Its Engineered Structures business makes utility and energy-transmission structures, wind towers, telecom, traffic, and lighting structures. CRH describes Arcosa as a complement to its portfolio: it says the combination would extend the group's U.S. aggregates platform and expand exposure to utility and energy infrastructure.

That fit does not make the businesses interchangeable. Aggregate supply depends on site, rock type, quality, transport distance, capacity, and customer location. Asphalt, utility structures, and wind towers have different suppliers, contracts, customers, and demand patterns. A national tonnage figure cannot show whether two facilities can supply the same customers or whether a combined offering creates measurable value.

The public synergy commitment

CRH says the acquisition is expected to generate \$175 million in annual run-rate cost synergies by year three. The announced categories are operational improvements, procurement and integration benefits from self-supply, and selling, general, and administrative expense savings. The company also forecast that the transaction would be accretive to earnings, margin, and cash flow in the first 12 months after completion, before one-off transaction costs.

These are management targets, not achieved savings. Public materials do not allocate the \$175 million among workstreams or disclose cost baselines, named owners, timing, implementation expense, service or employee impacts, dis-synergies, or a measurement protocol. The target is therefore a direction for integration planning, not a ready-made operating plan.

What the operating evidence shows

CRH reported Q2 2026 revenue of \$10.777 billion and adjusted EBITDA of \$2.627 billion; first-half revenue was \$18.147 billion and adjusted EBITDA was \$3.213 billion. The company reaffirmed 2026 guidance of \$8.1-\$8.5 billion adjusted EBITDA, \$3.9-\$4.1 billion net income, and \$5.60-\$6.05 diluted EPS. Adjusted EBITDA is a non-GAAP measure, not cash flow, and the guidance is a company forecast.

CRH's Q2 segment revenues were \$4.957 billion in Americas Materials Solutions, \$2.117 billion in Americas Building Solutions, and \$3.703 billion in International Solutions. In Q2, CRH reported higher aggregates volume and pricing, while cement volume and price declined. Management attributed the cement volume decline partly to weather and subdued residential demand. H1 growth also included acquisition contributions, organic growth, divestitures, and currency. These figures show different demand and portfolio effects; they do not define a stable post-close baseline.

Arcosa's Q2 continuing-operations revenue was \$658.7 million, with \$50.9 million continuing-operations net income. Its Construction Products segment reported \$357.0 million revenue and Engineered Structures \$301.7 million. Arcosa sold its barge business in April; current continuing-operations figures exclude that business. The company suspended its financial guidance while the merger is pending.

Arcosa's June 30 backlog also varies by product. Utility and related structures backlog was \$648.1 million, compared with \$434.9 million at year-end 2025. Wind-tower backlog was \$537.4 million, compared with \$627.8 million. Arcosa expected 71% of utility backlog to ship in 2026 and 20% in 2027; for wind towers it expected 28% and 66%, respectively. Backlog is scheduled work, not guaranteed revenue, delivery, or margin. Arcosa management cited adverse Texas weather and weaker organic aggregates and asphalt trends, while utility structures were stronger and wind towers, telecom, and lighting were weaker.

Exhibit 1. Different businesses, different current signals

Business / measure	Reported result	Period and boundary
CRH revenue	\$10.777bn	Q2 2026; company group
CRH adjusted EBITDA	\$2.627bn	Q2 2026; non-GAAP
CRH Americas Materials Solutions revenue	\$4.957bn	Q2 2026 segment
CRH Americas Building Solutions revenue	\$2.117bn	Q2 2026 segment
CRH International Solutions revenue	\$3.703bn	Q2 2026 segment
Arcosa Construction Products revenue	\$357.0m	Q2 2026 continuing operations
Arcosa Engineered Structures revenue	\$301.7m	Q2 2026 continuing operations
Arcosa utility/related structures backlog	\$648.1m	June 30, 2026; expected 71% to ship in 2026, 20% in 2027
Arcosa wind-tower backlog	\$537.4m	June 30, 2026; expected 28% to ship in 2026, 66% in 2027

Sources: CRH Q2 2026 Form 10-Q, MD&A and Note 14; Arcosa Q2 2026 Form 10-Q, segment note and backlog discussion. Backlog and company shipment expectations are not guaranteed sales.

Scale-and the local-market question

CRH's June announcement describes Arcosa as having 109 quarries and yards, nine asphalt plants, and 19 terminals, with approximately 35 million tons of 2025 aggregate shipments. CRH says the combined group would exceed 265 million tons of annualized U.S. aggregates production. These are company-reported figures. They do not establish available capacity, a relevant market, local market share, or how much product can be moved economically between sites.

Aggregates and related construction products are costly to transport relative to their value, and product quality and customer requirements matter. Competitors may differ by region and by product. Potential self-supply or logistics savings therefore depend on individual locations, specifications, transport routes, capacity, customer contracts, and any applicable regulatory conditions. The public record does not provide a CRH-Arcosa site-level overlap map or the cost bridge behind the synergy target.

What prior research can contribute

Research on acquisitions gives the team questions to investigate, not a savings estimate for this deal. A case survey of 61 acquisitions links synergy realization with the strategic fit of the combination, organizational integration, and employee resistance. A retrospective survey of 253 horizontal acquisitions finds that companies redeploy different resources-such as manufacturing and marketing capabilities-with different frequency; those reported movements are not dollar savings or proof of improved performance.

Research on spatial competition in Southwest Portland cement shows that transport costs and local geography can change modeled competitive effects. It studies cement, not CRH-Arcosa aggregates, and its model results are not observed effects of this transaction. A New York City study of recycled aggregate concrete also finds that lifecycle results depend on transport, cement content, service-life assumptions, and whether recycling actually avoids landfill disposal. It does not estimate Arcosa's environmental performance. These studies suggest what evidence to seek; they do not decide how much CRH should integrate.

Deal status and operating limits

CRH Americas, Inc. is the acquisition parent; Neon Merger Sub, Inc. is its wholly owned merger subsidiary; Arcosa would survive as a wholly owned subsidiary if the transaction closes. CRH plc is guarantor. Keep these entities distinct when discussing the transaction.

Arcosa shareholders approved the merger agreement on September 4. Australia's competition authority determined that notification was not required under the provision it considered. A Mexican competition authority agenda listed the case for resolution at a September 17 meeting; that agenda is not an approval or rejection. In the public material reviewed by the cutoff, CRH and Arcosa still described closing as expected in Q1 2027 subject to regulatory and customary conditions. The reviewed public record did not confirm U.S. HSR expiration or termination or a Mexican decision. Do not infer clearance from the shareholder vote or from an absence of a public notice.

Before closing, planning and information exchange must respect the merger agreement's covenants and clean-team protections. A post-close integration recommendation can be prepared now, but commercial decisions remain with the separate companies until legal closing and any required approvals.

Planning brief

Prepare an integration recommendation for CRH's hypothetical post-close planning team. Do not value the transaction or reconsider the signed acquisition. Your brief should:

- identify which potential workstreams could be integrated first, which should retain local authority, and which require further evidence;
- distinguish cost synergies from revenue opportunities and environmental claims;
- define the baseline, owner, timing, and measure needed to verify any claimed savings;
- specify customer, product-quality, employee, and competition checks before changing site or commercial decisions;
- address how the plan would respond to slower demand, lower backlog conversion, or delayed regulatory clearance; and

- state what new evidence would make you accelerate, pause, or redesign the integration.

Do not assume that a national production total proves local market overlap or that recycled materials, portfolio scale, or energy-infrastructure exposure automatically produce environmental benefits. Label planning assumptions as assumptions.

Discussion questions

1. What parts of the \$175 million target are public facts, management claims, or still-unknown operating plans?
2. Which functions or capabilities might create complementarity between the companies? What would make a transfer harmful or infeasible?
3. How should CRH use Arcosa's segment results and backlog when the two businesses show different demand signals?
4. What local data would be needed before combining sourcing, logistics, sites, or customer offers?
5. What can the recycled-aggregate research establish about environmental benefits, and what additional lifecycle data would a CRH-specific claim require?
6. What is permissible to prepare before closing, and which decisions must remain separate until the transaction closes?

Selected sources

- CRH, [Q2 2026 Form 10-Q](#), filed July 30, 2026.
- CRH, [Q2 2026 results announcement](#), July 30.
- CRH, [Arcosa acquisition announcement](#), June 22.
- CRH Americas and Arcosa, [merger agreement](#), June 21.
- Arcosa, [Q2 2026 Form 10-Q](#), filed August 5.
- Arcosa, [September 4 shareholder-approval Form 8-K](#).
- Arcosa, [definitive proxy statement](#), filed August 3.
- Australian Competition and Consumer Commission, [Arcosa notification-waiver determination](#), August 3.
- Comisión Nacional Antimonopolio, [September 17 ordinary-session agenda](#), September 14 publication.
- Larsson and Finkelstein, "[Integrating Strategic, Organizational, and Human Resource Perspectives on Mergers and Acquisitions: A Case Survey of Synergy Realization](#)"; Capron, Dussauge, and Mitchell, "[Resource Redeployment Following Horizontal Acquisitions in Europe and North America, 1988-1992](#)".
- Miller and Osborne, [BEA spatial-competition study](#); Yazdanbakhsh et al., [New York City natural/recycled aggregate LCA](#).