



# Building Products & Materials

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STRATEGIC & FINANCIAL SPONSOR ACQUISITION  
ACTIVITY IN THE SECTOR















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Building Products & Construction Materials

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-  **Flooring & Cabinets**
-  **HVAC**
-  **Lumber & Engineered Wood Products**
-  **Lighting & Electrical**
-  **Plumbing**
-  **Precast Concrete Products**
-  **Siding & Roofing**
-  **Windows & Doors**

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For information about our most recent transaction experience or for a confidential conversation regarding plans for capital, acquisitions, or succession, please contact:



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# Trends in the Industry

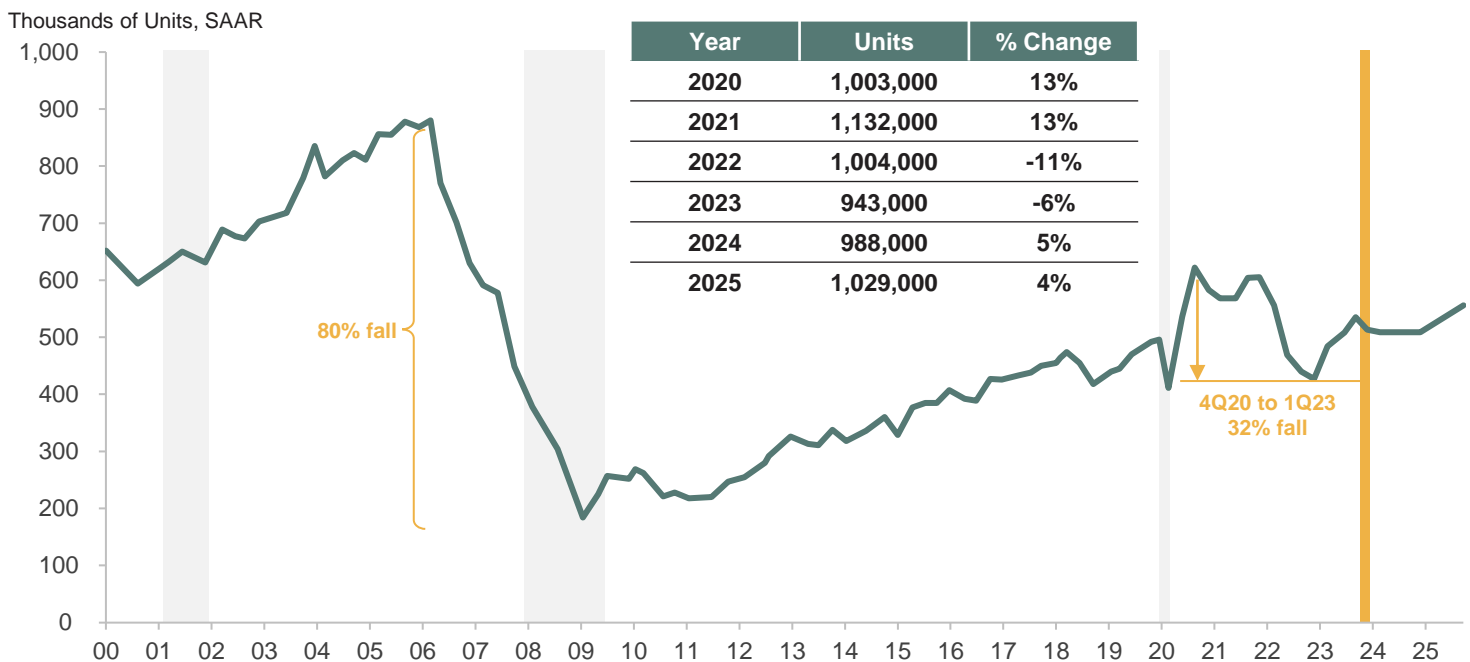
## 2024 Building Products Outlook

During the last week in February, we attended the International Builders' Show ("IBS") in Las Vegas. With 76,000+ attendees and 1,800+ exhibitors this was the largest crowd at IBS in the last 15 years. General sentiments were cautiously optimistic that we are beyond the recent challenging times in single-family residential market and confidence in the upward trajectory of activity, led by production home builders. 2023 single-family was certainly down, but performed better than expected, and a bullish outlook for single-family through the balance of the decade seemed to be the universal sentiment shared by all IBS participants. Questions around mortgage rates and the expected impact on the market continue to persist but, despite the recent increase in mortgage rates, the expectation is rates will decrease to ~6.5% by year's end.

## Housing Deficit and Affordability Will Drive Single-Family Activity

The National Association of Homebuilders ("NAHB") estimates a deficit of ~1.5 million housing units. To address that figure, NAHB is forecasting a ramp in housing starts, calling for 5% growth in 2024, 4% growth in 2025 and the need to reach ~1.2 million housing starts for several subsequent years to begin putting a dent in the deficit.

Single-Family Starts<sup>(1)</sup>



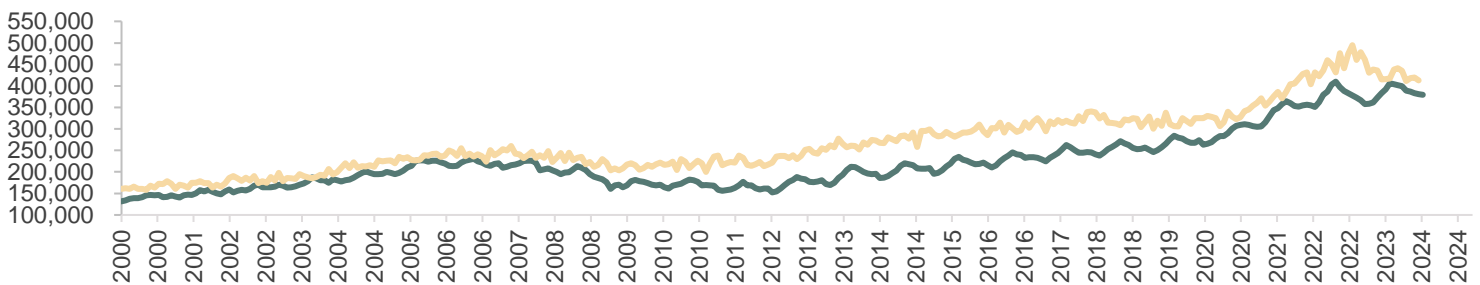
Source: International Builders' Show.  
 (1) U.S. Census Bureau and NAHB Forecast.



# Trends in the Industry (Cont'd)

Headwinds for homebuyers seem to be lightening. Data shared by Realtor.com suggests housing is past peak unaffordability with the average monthly mortgage payment of homes purchased decreasing from \$2,405 in October 2023 to \$2,101 in January 2024. Although home prices are still at near highs, the gap between listing price and buyer appetite is narrowing.

## Existing and New Home Sales Prices<sup>(1)</sup>



In an effort to help the affordability picture, builders continue to work with customers to provide incentives (e.g., ~1.5% - 2.5% mortgage rate buy downs, funds towards closing, flex dollars). With multiple anticipated Federal Reserve interest rate cuts in 2024, outlook for mortgage rates by year end is hovering around 6.5% and is expected to drop further to below 6.0% in 2025, further improving the home buying environment.

## Home Builders' Bullish Sentiments

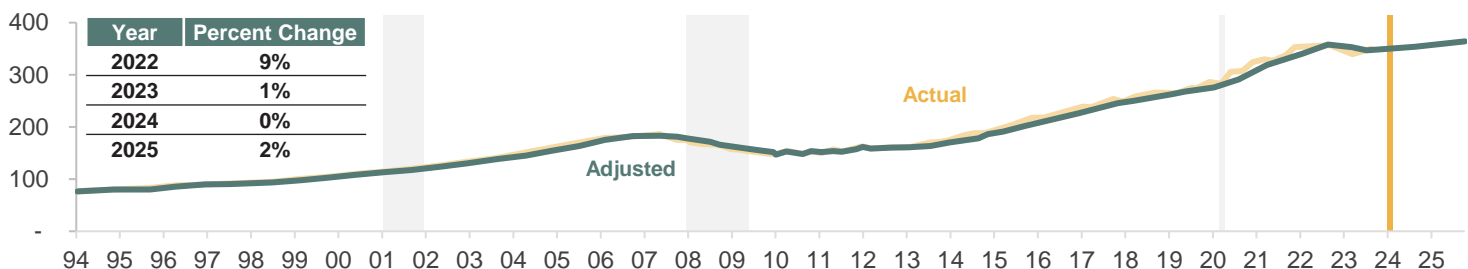
Existing home sales in 2023 were at the lowest levels since 1995, while new home sales grew 12% YoY in 2023. Historically new home sales have represented ~15% of home sales and grew to over 30% of home sales. With the mortgage “lock-in” effect limiting existing home inventory, home builders have a significant opportunity. 80% of home builders are anticipating starting more homes this year than last, and 50% of home builders are expecting 10%+ growth this year. Supporting this outlook, in a recent Zonda survey, nearly all participating home builders indicated they are executing on land acquisition opportunities.

## Minor Soft Patch for Renovation & Remodel

The market conditions are there to support R&R activity – homeowners have seen equity increase dramatically over the past several years, 65% of homeowners enjoy a sub-4% mortgage rate and are incentivized to stay in their homes with mortgage rates where they are, the average age of owner-occupied homes is over 40 years old. While R&R is expected to represent ~50% of all residential activity in the coming years, overall spend is expected to be relatively flat.

## Residential Remodeling<sup>(2)</sup>

Billions, USD, SAAR



Source: International Builders' Show.

(1) Realtor.com.

(2) U.S. Bureau of Economic Analysis; National Income and Product Accounts (NIPA) and NAHB forecast.

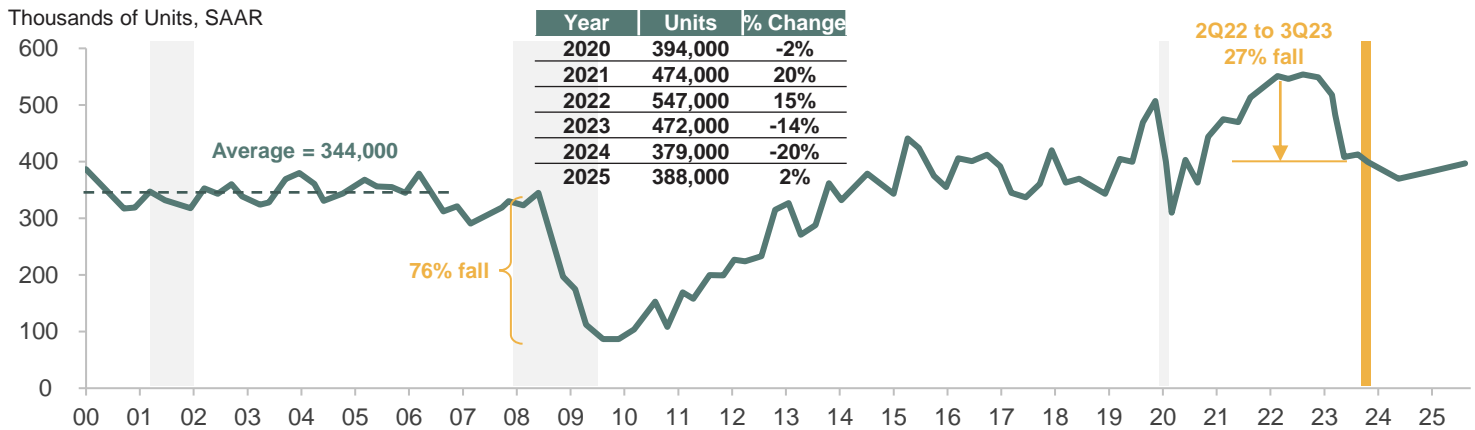


# Trends in the Industry (Cont'd)

## Tough Times Ahead for Multi-Family

2023 was another strong year for multi-family due to limited attractive housing options driven by low housing inventory listed at peak unaffordability prices. Less than 8% of residents moved out of rentals to buy a home; the lowest figure since the data has been tracked. Occupancy rates have remained strong at ~95% but multi-family development is expected to face strong headwinds in 2024 and beyond. Multi-family permit 3-month average is at its lowest point since 2020 and unit starts are expected to be down 20% YoY in 2024 and down over 30% from 547,000 units in 2022.

Multifamily Construction Slowdown<sup>(1)</sup>



## Interesting Products That Caught Our Eye

Every year there are a few product trends that we see at IBS. This year the proliferation of substitute wood products caught our eye with the growing number of options for wood alternative products. We noticed lots of composite decking options and interior composite wall cladding products akin to manufactured stone veneer for the exterior of homes.

Additionally, it was interesting to see how the application of modular construction is evolving within the single-family sector. With the lessons learned from the challenges faced by Entekra and Katerra, we saw some interesting new approaches to pre-fabricated, modular products. We observed a few companies offering modular rooms like bathrooms and kitchens, with the intent of serving production home builders and saving their customers time, cost, and labor. It will be interesting to see adoption of these products that can be freighted without the complexity of entire single-family structures, and simply require a water and electrical connection to be installed in a matter of minutes.



Source: International Builders' Show.  
 (1) U.S. Bureau of Economic Analysis; NIPA and NAHB forecast.

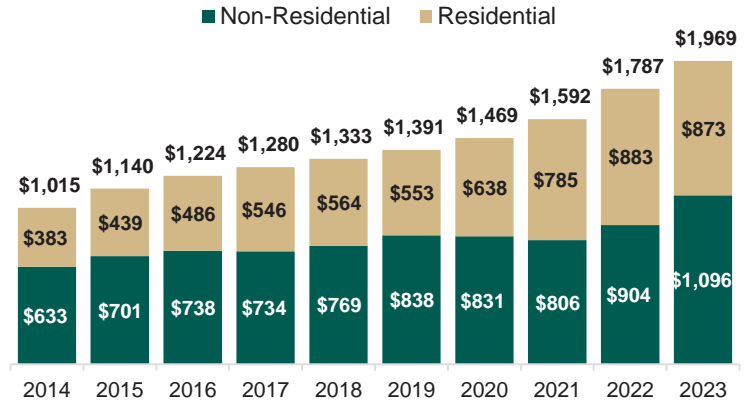




# Key Market Performance Indicators & Analysis

## Construction Spending

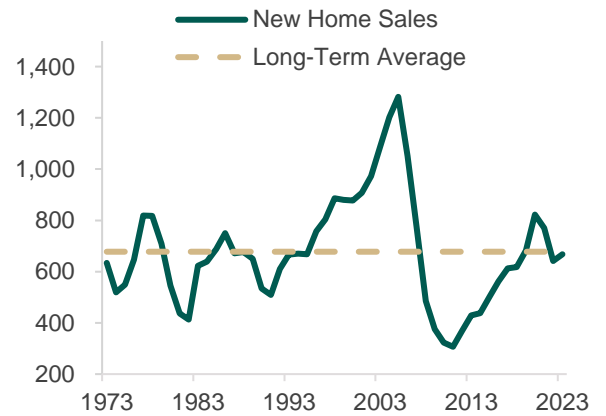
- Overall construction spend has continued to steadily increase YoY since 2012 and recorded an all-time high in 2023
- Non-residential spend has surpassed residential spend by its largest margin since 2020
- The Dodge Momentum Index (“DMI”) ended the year 11% below the November 2022 peak. The index was volatile through the early parts of the year but stabilized as the year progressed. Regardless, the DMI averaged a reading of 184.3 in 2023, hitting levels of activity that haven’t been recorded since 2008. While ongoing labor and construction cost issues will persist in 2024, a substantive amount of projects are sitting in the planning queue and will support construction spending going into 2025



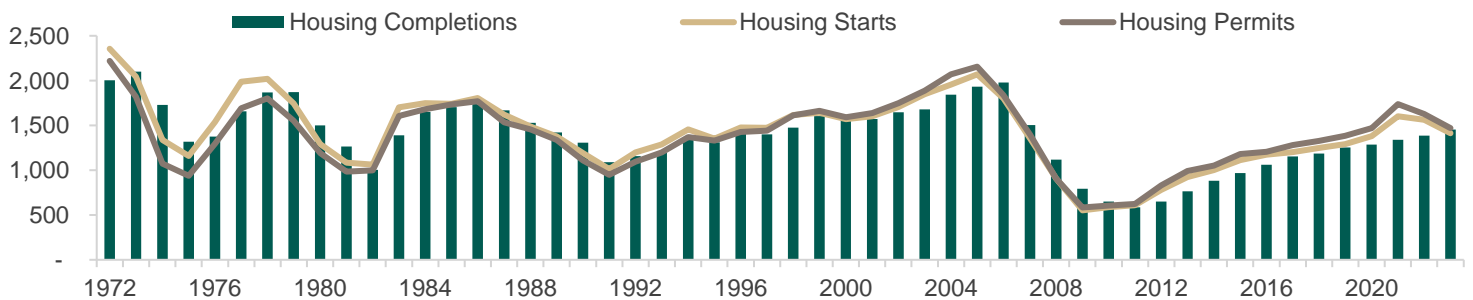
## Drivers of Residential New Construction

- Total residential construction spend has been consistently decreasing since August 2023 from \$81.0 billion to \$66.5 billion in December 2023. Builder’s confidence climbed four points in February 2024 to 48, its highest level since August 2023; signaling cautious optimism for increased activity in 2024 and beyond
- In January 2024, the National Association of Home Builders Housing Market Index (“NAHB HMI”) increased to 48, increasing for the third consecutive month from a recent low in November 2023 of 34. Less than two years ago, the index topped at 83, indicating a strong single-family housing market and conditions to purchase new homes
- Since 2014, housing starts have outpaced completions on an average of 8.3%. However, in 2023 completions outpaced starts by 3.1%, as increased rates slowed housing starts while housing permits also fell 12.1% in 2023 as compared to 2022. 80% of homebuilders are anticipating starting more homes in 2024 than 2023

### New Home Sales



### Housing Starts (Units in Thousands)



Source: Dodge Construction Network, National Association of Home Builders, U.S. Census Bureau, and other industry reports.

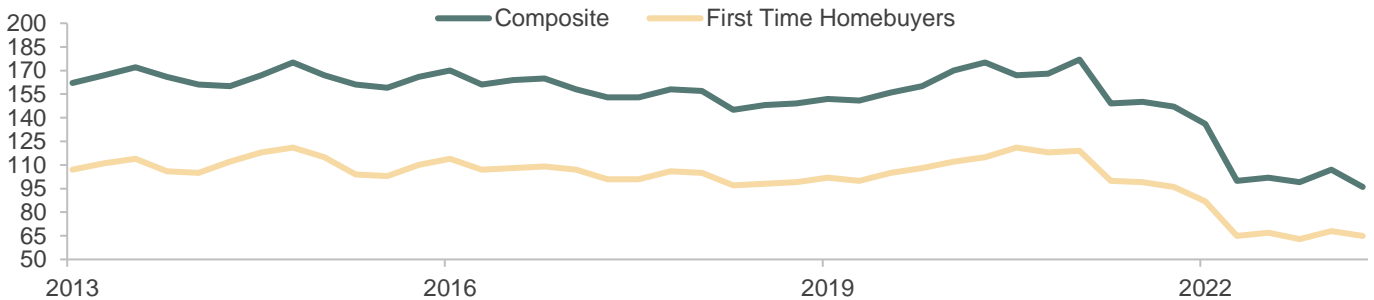


# Key Market Performance Indicators & Analysis (Cont'd)

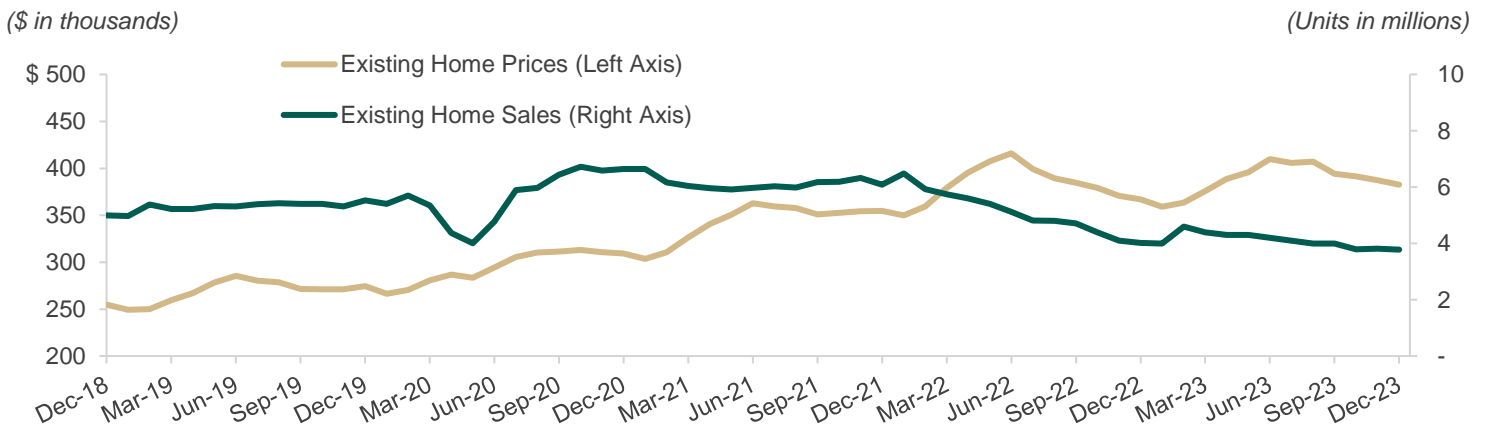
## Single-Family Residential Activity

- Existing home sales fell in 2023, largely fueled by peak housing prices and “locked-in” mortgage rates of <4%, down ~12M units from 2022. Despite difficult conditions in 2023, and to start 2024, many homebuyers and sellers are beginning to have an optimistic outlook on the housing market as mortgage rates are expected to decrease to ~6.5% by end of 2025 and drop further in 2025. Market expectations are that home sales begin to see gradual improvement, with active listings up ~8% YoY in January '24 and newly listed homes up ~3% in that same time period. These numbers have grown for the past three months suggesting we're past peak scarcity
- Affordability continues to represent a significant headwind, especially for first time home buyers with no equity to transfer from existing to new housing. Although the market should be past its peak of unaffordability in October 2023, housing in many major markets (e.g., Denver, Orlando, Phoenix, Riverside) still require the median household to allocate over 35% of income to purchase a home. In an effort to assist homebuyers, mortgage rate buy downs and flex dollar incentives have become the norm and are expected to stay in 2024
- Single-family activity is expected to be driven by new home construction. Typically, representative of 15% of home sales, new homes represented 30% of home sales in 2023. With homebuilders having an optimistic outlook, it is expected that housing starts return to near 1M starts in 2024, eclipsing that figure in 2025, and reaching 1.2M+ starts for several years following
- An estimated two-thirds of outstanding mortgages currently boast mortgage rates below 4%. Many homeowners may defer buying and selling plans and wait for potentially lower rates before considering a new residence

### Housing Affordability Index



### Existing Home Sale Prices



Source: Harvard University, National Association of Home Builders, National Association of Realtors, St. Louis Fed, and Fannie Mae.



# Key Market Performance Indicators & Analysis (Cont'd)

## Multi-Family Residential Activity

- Multi-family performed strongly in 2023 with steady demand and the cost imbalance between renting versus buying affordability, but headwinds are expected in 2024
- The national occupancy rate has remained strong through 2023, closing at 94.6% in December 2023
- Year-over-year rent growth has been highest in the Northeast and Midwest. New York leads the way with 5.5% year-over-year growth, followed by New Jersey at 4.4%, Columbus, Ohio at 4.2%, Kansas City, Missouri at 3.4%, and Indianapolis at 3.0%. Four out of 30 main metropolitan areas posted rent declines of 3% or more, with Austin, Texas experiencing the largest decline at 6.0%
- 2024 multi-family growth is expected to be weak largely due to the rapid increase in new to market units that stems from the sector's strong performance, high liquidity, and favorable treatment in the 2017 tax bill
- Forecasts estimate 540,000 multi-family units to be delivered in 2024 and an additional 460,000 units to be delivered in 2025. The largest amounts of new supply will be in fast-growing tertiary and secondary markets primarily in the Sun Belt and West – such as Huntsville, Alabama; Port St. Lucie, Florida; Boise, Idaho; Colorado Springs, Colorado; Austin, Texas; Charlotte, North Carolina; and Nashville, Tennessee – where rent growth will likely remain lukewarm. Markets not seeing such an influx in supply, such as the Midwest and Northeast are expected to continue to see rising rent prices

**Estimated Multi-family Rent and Vacancy – Historical and Forecast<sup>(1)</sup>**



Source: CBRE, U.S. Census Bureau, Fannie Mae MFESR, and Multifamily Executive.

(1) 2023P is preliminary data from Fannie Mae.



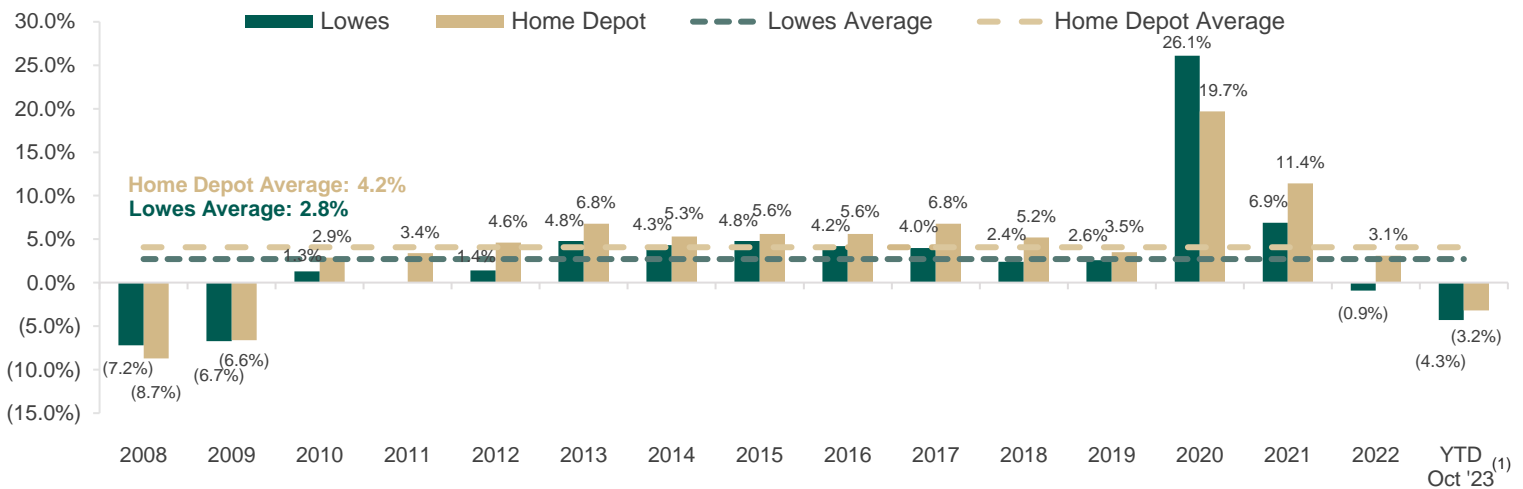


# Key Market Performance Indicators & Analysis (Cont'd)

## Drivers of Renovation & Remodel (“R&R”) Spending

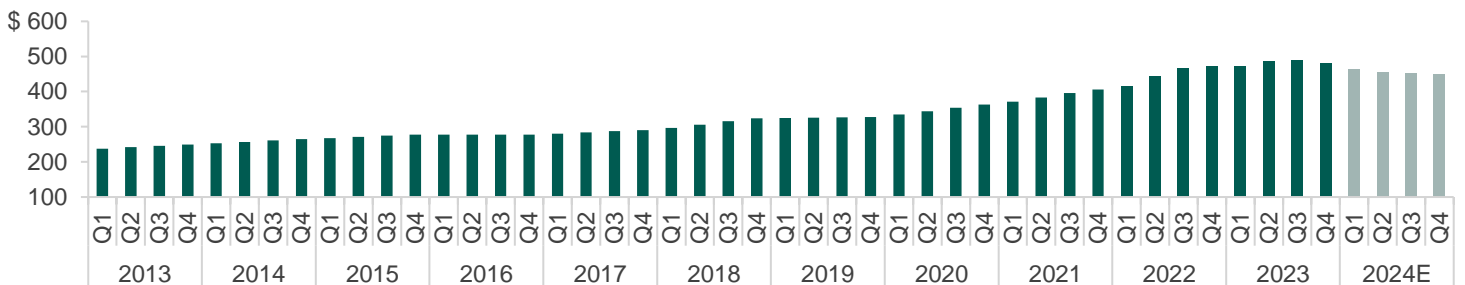
- Home renovation spending is expected to decrease from \$481 billion to \$450 billion in 2024 driven by lowering house price appreciation and a decrease in home sales. Although the R&R market outlook is lukewarm in the near-term, the rate of market decline should decelerate significantly in the second part of the year
- Significant tailwinds provide bullish medium-term outlook for the R&R space
  - The median age of an owner-occupied home in the U.S. is over 40 years, driving greater demand for renovations, upgrades, repairs, and remodels
- Elevated mortgage rates are prompting a lot of would-be homebuyers to stay in their current residences, rather than trying to purchase something else. Smaller budget investments can drastically improve the marketability of these homes when homeowners decide to begin looking for new residences

### Same-Store Sales for Lowe’s & Home Depot



- In contrast to the results of late, 2020 – 2022 drove record-high home improvement spending as more individuals spent increased time at home and interest rates were near zero. Same-store sales for both Lowe’s and Home Depot declined in the YTD October 2023 period – demonstrating a decline in home repair and remodeling spend as individuals revert to “normal” life, high interest rates, and high inflation

### Repair & Remodeling Spend (Dollars in Billions)<sup>(2)</sup>



- Repair and remodeling spending for Q4 2023 fell 1.8% to \$449 billion in comparison to Q3 2023

Source: Harvard University, investor presentations, National Association of Home Builders, National Association of Realtors, and the St. Louis Fed.

(1) Reflects most recent balance sheet figures reported as of October 31, 2023.

(2) Reflects four-quarter moving average of repair & remodel spending.

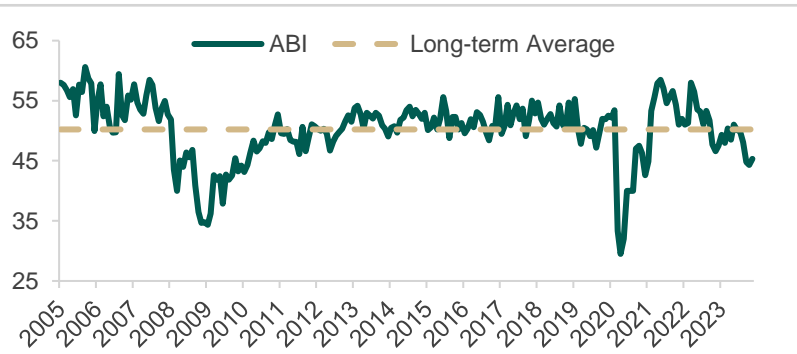


# Key Market Performance Indicators & Analysis (Cont'd)

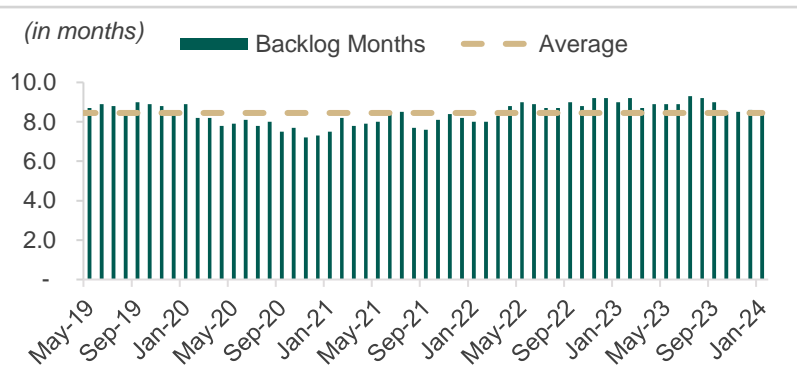
## Commercial Construction Activity

- Billings remained weak at firms around the country in January 2024, falling for twelve consecutive months as the ABI revised figures earlier in the year during the annual review of the index
- Despite ongoing softness in the architecture industry, conditions improved in the broader economy in January. For the second consecutive month, the Midwest was the only region to report growth, as the Northeast, West, and South reported softening in billings
- Commercial construction outlook varies by market segment
  - The heavy industrial category reached its highest backlog on record to 10.9 months in January 2024 and is 2.5 months higher than January 2023
  - Backlog is down on a year-over-year basis in the commercial / institutional and infrastructure categories
- The ABI saw a score of 45.4 in January 2024, moving 0.1 points higher from December 2023. Business conditions remained weak at firms in all regions except the Midwest. Billings softened further at firms in the Northeast, reporting the lowest level in three years
- The CBI fell 0.6 months from January 2023 through January 2024 now sitting at 8.4 months; backlog currently sits below the historical average of 8.5 months as construction slows

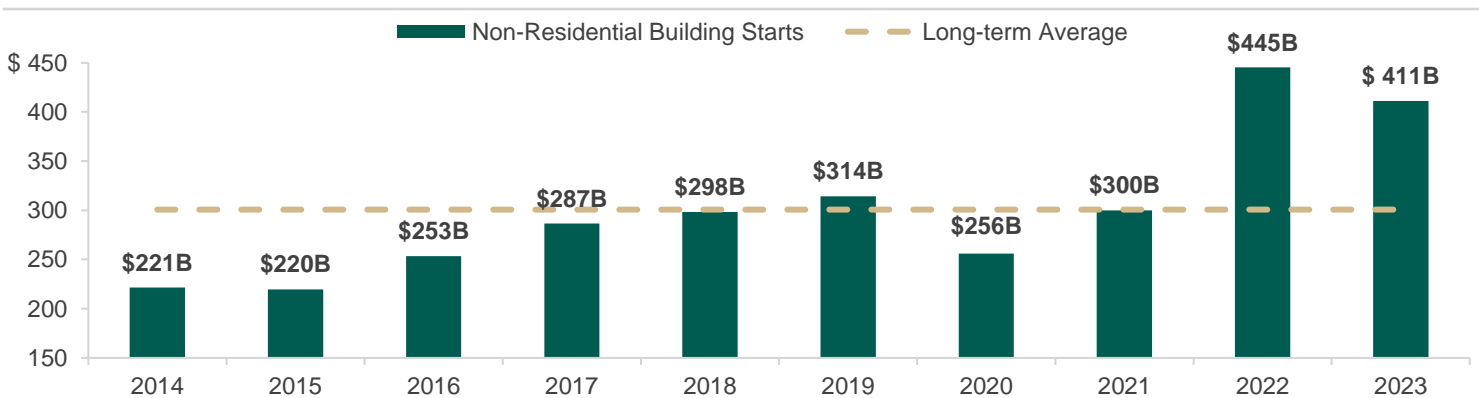
**Architectural Billings Index (“ABI”)**



**Construction Backlog Indicator (“CBI”)**



**Non-Residential Building Starts**



- Commercial activity fell by 7.6% in 2023, falling to \$411 billion from \$445 billion seasonally adjusted annual rate over the prior year period

Source: American Institute of Architects, Associated Builders & Constructors, and Dodge Data & Analytics.

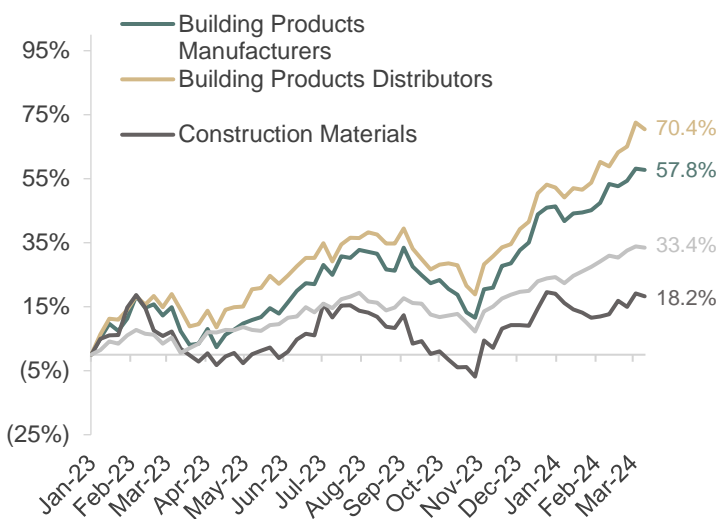


# Public Markets Update

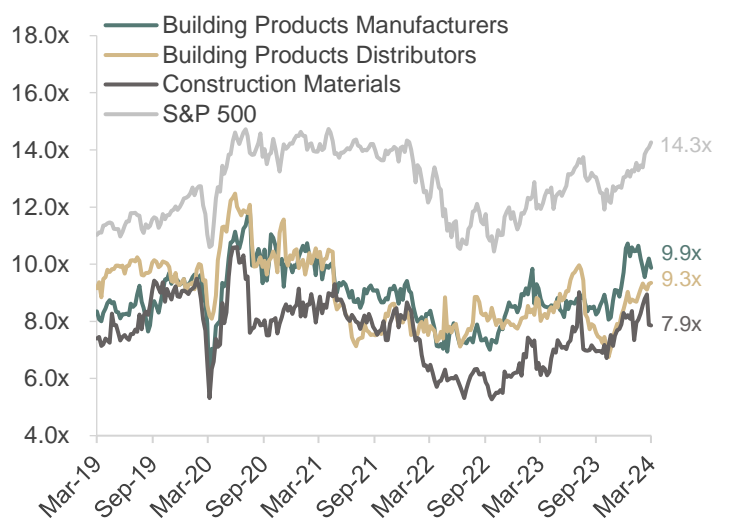
## Building Products & Materials Industry Update

### Stock Price Performance & Valuation<sup>(1)</sup>

Historical Stock Prices

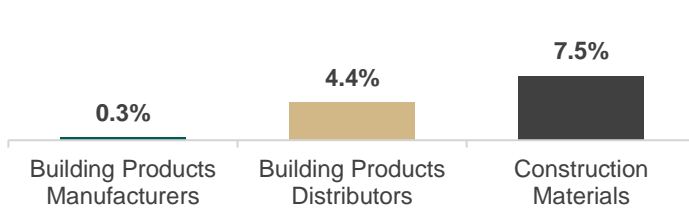


Historical Median TEV / NTM EBITDA

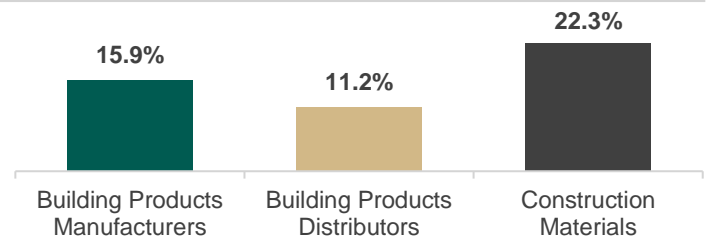


### Summary of Operating Metrics<sup>(1)</sup>

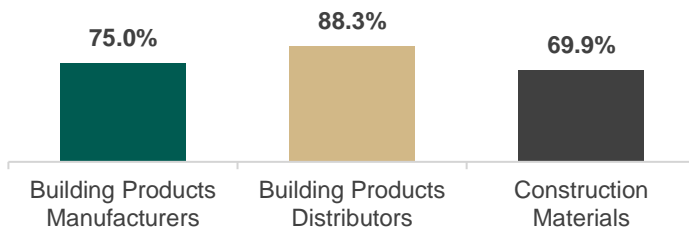
Median Revenue Growth (2022-2024E)



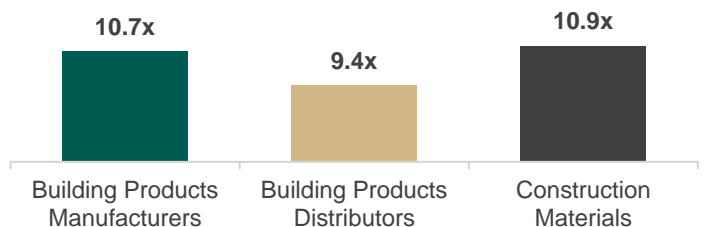
Median LTM EBITDA Margin



Median LTM Free Cash Flow Generation<sup>(2)</sup>



Median TEV / 2024E EBITDA



Source: CapitalIQ as of March 13, 2024.  
 (1) See pages 12-14 for index constituents.  
 (2) Calculated as (EBITDA-CapEX) / EBITDA.





# Public Comparables – Valuation Metrics

## Building Products Manufacturers

	Share Price 3/13/2024	As % of LTM High	Equity Value	Enterprise Value (EV)	EV / EBITDA			EV / EBIT		
					LTM	2024E	2025E	LTM	2024E	2025E
<b>Building Products Manufacturers</b>										
<b>Diversified Building Products</b>										
Armstrong World Industries, Inc.	\$ 122.08	98.6%	\$ 5,332	\$ 5,877	13.7x	12.7x	11.9x	17.3x	16.0x	14.8x
Compagnie de Saint-Gobain S.A.	76.44	94.9%	38,376	47,084	6.4	6.2	5.9	8.3	8.5	8.0
James Hardie Industries plc	40.73	97.4%	17,692	18,398	17.1	15.4	13.6	NM	18.4	16.4
LIXIL Corporation	12.83	81.9%	3,683	7,647	10.1	9.0	8.1	NM	NM	19.8
<b>Mean</b>		<b>93.2%</b>	<b>\$ 16,271</b>	<b>\$ 19,751</b>	<b>11.8x</b>	<b>10.8x</b>	<b>9.9x</b>	<b>12.8x</b>	<b>14.3x</b>	<b>14.8x</b>
<b>Median</b>		<b>96.2%</b>	<b>11,512</b>	<b>13,022</b>	<b>11.9</b>	<b>10.9</b>	<b>10.0</b>	<b>12.8</b>	<b>16.0</b>	<b>15.6</b>
<b>Access Systems</b>										
Allegion plc	\$ 132.81	97.0%	\$ 11,652	\$ 13,199	15.8x	14.7x	13.9x	17.9x	15.8x	15.1x
ASSA ABLOY AB (publ)	30.10	99.3%	33,431	39,717	16.0	14.1	13.1	18.6	17.1	15.8
dormakaba Holding AG	510.42	93.2%	2,137	2,905	8.2	6.9	5.5	13.0	9.7	7.0
Fortune Brands Innovations, Inc.	81.38	97.1%	10,326	12,630	14.5	12.6	11.7	17.9	15.3	14.0
<b>Mean</b>		<b>96.6%</b>	<b>\$ 14,386</b>	<b>\$ 17,113</b>	<b>13.6x</b>	<b>12.0x</b>	<b>11.1x</b>	<b>16.9x</b>	<b>14.5x</b>	<b>13.0x</b>
<b>Median</b>		<b>97.0%</b>	<b>10,989</b>	<b>12,914</b>	<b>15.1</b>	<b>13.3</b>	<b>12.4</b>	<b>17.9</b>	<b>15.5</b>	<b>14.5</b>
<b>Building Envelope</b>										
Apogee Enterprises, Inc.	\$ 57.19	98.6%	\$ 1,254	\$ 1,330	7.4x	7.7x	7.2x	9.7x	10.2x	9.4x
Kingspan Group plc	91.06	95.1%	16,671	18,107	16.1	15.1	13.9	19.5	18.9	17.6
Tecnoglass Inc.	45.08	82.9%	2,115	2,149	7.4	7.3	6.5	8.0	8.3	7.3
<b>Mean</b>		<b>92.2%</b>	<b>\$ 6,680</b>	<b>\$ 7,195</b>	<b>10.3x</b>	<b>10.0x</b>	<b>9.2x</b>	<b>12.4x</b>	<b>12.5x</b>	<b>11.4x</b>
<b>Median</b>		<b>95.1%</b>	<b>2,115</b>	<b>2,149</b>	<b>7.4</b>	<b>7.7</b>	<b>7.2</b>	<b>9.7</b>	<b>10.2</b>	<b>9.4</b>
<b>Doors &amp; Windows</b>										
Griffon Corporation	\$ 68.51	95.0%	\$ 3,405	\$ 4,734	9.9x	9.6x	8.2x	11.5x	11.4x	9.7x
JELD-WEN Holding, Inc.	19.26	95.8%	1,606	2,544	8.4	6.5	5.8	15.3	9.8	8.4
Masonite International Corporation	130.91	99.9%	2,870	3,860	8.8	8.7	7.8	12.4	12.6	11.1
PGT Innovations, Inc.	41.87	99.8%	2,442	3,021	12.2	10.2	9.1	16.2	13.5	11.8
Quanex Building Products Corporation	35.47	97.0%	1,148	1,168	7.7	7.9	7.2	10.7	11.3	9.7
Tyman plc	3.65	88.0%	709	923	7.7	6.6	6.1	10.6	8.3	7.5
<b>Mean</b>		<b>95.9%</b>	<b>\$ 2,030</b>	<b>\$ 2,708</b>	<b>9.1x</b>	<b>8.2x</b>	<b>7.4x</b>	<b>12.8x</b>	<b>11.1x</b>	<b>9.7x</b>
<b>Median</b>		<b>96.4%</b>	<b>2,024</b>	<b>2,783</b>	<b>8.6</b>	<b>8.3</b>	<b>7.5</b>	<b>11.9</b>	<b>11.3</b>	<b>9.7</b>
<b>Flooring</b>										
Interface, Inc.	\$ 15.45	97.1%	\$ 892	\$ 1,207	8.2x	7.4x	6.9x	11.9x	9.8x	9.3x
Mohawk Industries, Inc.	122.10	99.1%	7,621	9,688	6.7	6.7	6.2	11.9	11.6	10.2
Tarkett S.A.	9.85	71.1%	645	1,257	5.0	4.1	NM	8.4	9.6	NA
<b>Mean</b>		<b>89.1%</b>	<b>\$ 3,053</b>	<b>\$ 4,050</b>	<b>6.6x</b>	<b>6.1x</b>	<b>6.5x</b>	<b>10.7x</b>	<b>10.4x</b>	<b>9.8x</b>
<b>Median</b>		<b>97.1%</b>	<b>892</b>	<b>1,257</b>	<b>6.7</b>	<b>6.7</b>	<b>6.5</b>	<b>11.9</b>	<b>9.8</b>	<b>9.8</b>
<b>HVAC</b>										
A. O. Smith Corporation	\$ 86.17	98.4%	\$ 12,637	\$ 12,401	15.1x	14.2x	13.5x	16.7x	15.5x	14.7x
Carrier Global Corporation	58.12	95.5%	52,116	56,722	18.8	11.7	11.5	NM	14.1	13.6
Daikin Industries, Ltd.	137.41	64.8%	40,226	41,687	10.0	9.9	9.0	15.4	15.2	13.1
Lennox International Inc.	471.50	97.2%	16,700	17,936	19.4	17.6	15.9	NM	19.2	17.3
Rinnai Corporation	22.76	88.8%	3,259	2,628	7.8	6.8	6.2	11.2	9.3	8.3
<b>Mean</b>		<b>88.9%</b>	<b>\$ 24,988</b>	<b>\$ 26,275</b>	<b>14.2x</b>	<b>12.0x</b>	<b>11.2x</b>	<b>14.5x</b>	<b>14.7x</b>	<b>13.4x</b>
<b>Median</b>		<b>95.5%</b>	<b>16,700</b>	<b>17,936</b>	<b>15.1</b>	<b>11.7</b>	<b>11.5</b>	<b>15.4</b>	<b>15.2</b>	<b>13.6</b>

Source: CapitalIQ as of March 13, 2024.

## Public Comparables – Valuation Metrics (Cont'd)

## Building Products Manufacturers

	Share Price 3/13/2024	As % of LTM High	Equity Value	Enterprise Value (EV)	EV / EBITDA			EV / EBIT		
					LTM	2024E	2025E	LTM	2024E	2025E
<b>Building Products Manufacturers</b>										
<b>Kitchen &amp; Bath</b>										
Advanced Drainage Systems, Inc.	\$ 162.84	96.7%	\$ 12,532	\$ 13,318	15.6x	13.9x	12.6x	18.4x	16.5x	14.3x
American Woodmark Corporation	94.68	90.8%	1,513	1,788	7.3	7.0	6.4	11.0	9.0	8.1
Masco Corporation	75.11	95.9%	16,605	19,161	12.6	12.4	11.6	14.0	13.9	13.0
<b>Mean</b>		<b>94.5%</b>	<b>\$ 10,217</b>	<b>\$ 11,422</b>	<b>11.8x</b>	<b>11.1x</b>	<b>10.2x</b>	<b>14.5x</b>	<b>13.2x</b>	<b>11.8x</b>
<b>Median</b>		<b>95.9%</b>	<b>12,532</b>	<b>13,318</b>	<b>12.6</b>	<b>12.4</b>	<b>11.6</b>	<b>14.0</b>	<b>13.9</b>	<b>13.0</b>
<b>Lighting</b>										
Acuity Brands, Inc.	\$ 257.39	97.4%	\$ 7,889	\$ 7,871	13.1x	12.1x	11.4x	15.5x	12.8x	12.3x
Hubbell Incorporated	397.37	100.0%	21,286	23,090	19.4	17.4	16.3	NM	NM	18.9
LSI Industries Inc.	14.14	83.3%	397	417	8.9	8.7	6.8	11.2	12.1	8.8
<b>Mean</b>		<b>93.6%</b>	<b>\$ 9,857</b>	<b>\$ 10,460</b>	<b>13.8x</b>	<b>12.7x</b>	<b>11.5x</b>	<b>13.3x</b>	<b>12.4x</b>	<b>13.4x</b>
<b>Median</b>		<b>97.4%</b>	<b>7,889</b>	<b>7,871</b>	<b>13.1</b>	<b>12.1</b>	<b>11.4</b>	<b>13.3</b>	<b>12.4</b>	<b>12.3</b>
<b>Metal Products &amp; Structures</b>										
Gibraltar Industries, Inc.	\$ 75.85	86.8%	\$ 2,310	\$ 2,210	11.3x	9.8x	8.8x	13.1x	11.7x	10.3x
Insteel Industries, Inc.	35.38	89.8%	680	595	15.8	9.8	5.3	NM	13.2	6.1
Nucor Corporation	183.81	94.3%	44,030	44,924	6.1	7.9	8.2	7.2	9.7	10.2
Simpson Manufacturing Co., Inc.	201.44	92.2%	8,571	8,622	15.6	14.8	13.4	18.0	17.8	16.0
<b>Mean</b>		<b>90.8%</b>	<b>\$ 13,898</b>	<b>\$ 14,088</b>	<b>12.2x</b>	<b>10.6x</b>	<b>8.9x</b>	<b>12.8x</b>	<b>13.1x</b>	<b>10.6x</b>
<b>Median</b>		<b>91.0%</b>	<b>5,440</b>	<b>5,416</b>	<b>13.4</b>	<b>9.8</b>	<b>8.5</b>	<b>13.1</b>	<b>12.5</b>	<b>10.2</b>
<b>Roofing, Siding &amp; Decking</b>										
Owens Corning	\$ 161.70	100.9%	\$ 13,876	\$ 15,351	7.1x	6.8x	6.7x	9.3x	9.1x	8.9x
The AZEK Company Inc.	48.40	96.4%	7,036	7,425	24.5	19.9	17.9	NM	NM	NM
Trex Company, Inc.	95.81	94.0%	10,408	10,412	NM	27.6	24.4	NM	NM	NM
<b>Mean</b>		<b>97.1%</b>	<b>\$ 10,440</b>	<b>\$ 11,062</b>	<b>15.8x</b>	<b>18.1x</b>	<b>16.3x</b>	<b>9.3x</b>	<b>9.1x</b>	<b>8.9x</b>
<b>Median</b>		<b>96.4%</b>	<b>10,408</b>	<b>10,412</b>	<b>15.8</b>	<b>19.9</b>	<b>17.9</b>	<b>9.3</b>	<b>9.1</b>	<b>8.9</b>
<b>Wood Products</b>										
Boise Cascade Company	\$ 130.15	90.7%	\$ 5,086	\$ 4,611	6.1x	6.3x	6.1x	7.3x	7.9x	7.6x
Louisiana-Pacific Corporation	\$ 78.13	98.2%	5,532	5,657	12.2x	10.8x	9.5x	16.4x	14.7x	12.4x
Weyerhaeuser Company	34.47	97.3%	25,147	29,063	18.6	16.3	14.4	NM	NM	NM
<b>Mean</b>		<b>95.4%</b>	<b>\$ 11,922</b>	<b>\$ 13,110</b>	<b>12.3x</b>	<b>11.1x</b>	<b>10.0x</b>	<b>11.8x</b>	<b>11.3x</b>	<b>10.0x</b>
<b>Median</b>		<b>97.3%</b>	<b>5,532</b>	<b>\$ 5,657</b>	<b>12.2</b>	<b>10.8</b>	<b>9.5</b>	<b>11.8</b>	<b>11.3</b>	<b>10.0</b>
<b>Overall Building Product Manufacturers Mean</b>		<b>91.7%</b>	<b>\$ 10,977</b>	<b>\$ 12,173</b>	<b>11.8x</b>	<b>11.0x</b>	<b>10.0x</b>	<b>13.2x</b>	<b>12.7x</b>	<b>11.8x</b>
<b>Overall Building Product Manufacturers Median</b>		<b>95.8%</b>	<b>5,532</b>	<b>7,425</b>	<b>10.7</b>	<b>9.8</b>	<b>8.8</b>	<b>12.7</b>	<b>12.4</b>	<b>11.1</b>

Source: CapitalIQ as of March 13, 2024.



# Public Comparables – Valuation Metrics (Cont'd)

## Building Products Distributors & Construction Materials

	Share Price 3/13/2024	As % of LTM High	Equity Value	Enterprise Value (EV)	EV / EBITDA			EV / EBIT		
					LTM	2024E	2025E	LTM	2024E	2025E
<b>Building Products Distributors</b>										
<b>Distributors</b>										
Beacon Roofing Supply, Inc.	\$ 86.70	95.7%	\$ 5,479	\$ 7,796	8.7x	8.2x	7.8x	10.8x	9.5x	8.9x
BlueLinx Holdings Inc.	118.70	89.5%	1,032	1,089	6.6	7.2	6.0	8.2	9.5	7.6
Builders FirstSource, Inc.	200.58	96.4%	24,347	27,461	10.0	10.5	9.7	12.6	13.6	12.3
Doman Building Materials Group Ltd.	6.04	96.4%	520	1,002	7.7	6.4	6.2	10.3	9.5	8.8
Ferguson plc	206.01	94.8%	41,319	44,425	15.1	13.9	13.0	17.0	14.9	14.0
GMS Inc.	91.77	98.9%	3,636	4,576	7.8	7.2	7.0	10.0	9.7	9.4
SiteOne Landscape Supply, Inc.	176.10	95.7%	7,983	8,356	22.2	19.0	17.4	NM	NM	NM
Watsco, Inc.	402.34	92.9%	14,666	14,874	17.9	16.7	15.0	18.6	17.4	15.6
<b>Mean</b>		<b>95.0%</b>	<b>\$ 12,372</b>	<b>\$ 13,697</b>	<b>12.0x</b>	<b>11.2x</b>	<b>10.3x</b>	<b>12.5x</b>	<b>12.0x</b>	<b>10.9x</b>
<b>Median</b>		<b>95.7%</b>	<b>6,731</b>	<b>8,076</b>	<b>9.4</b>	<b>9.3</b>	<b>8.7</b>	<b>10.8</b>	<b>9.7</b>	<b>9.4</b>
<b>Construction Materials</b>										
<b>Aggregates and Cement</b>										
CEMEX, S.A.B. de C.V.	\$ 0.81	90.8%	\$ 11,649	\$ 19,541	6.1x	5.5x	5.2x	8.7x	8.8x	8.1x
CRH plc	84.67	100.0%	54,067	61,516	10.1	9.1	8.6	13.8	12.3	11.5
Eagle Materials Inc.	251.28	95.8%	8,766	9,750	11.8	11.0	10.2	14.4	13.4	12.3
Heidelberg Materials AG	101.54	100.0%	18,836	25,992	5.5	5.4	5.1	7.8	7.6	7.1
Holcim AG	88.41	99.9%	49,672	60,099	8.1	7.9	7.4	10.9	10.6	9.9
Martin Marietta Materials, Inc.	605.01	98.0%	37,289	40,564	19.2	17.7	16.2	NM	NM	NM
Summit Materials, Inc.	42.10	94.8%	7,347	9,288	16.7	9.3	8.3	NM	14.0	12.0
Vulcan Materials Company	269.31	99.1%	35,646	38,650	19.3	15.7	15.7	NM	NM	NM
<b>Mean</b>		<b>97.3%</b>	<b>\$ 27,909</b>	<b>\$ 33,175</b>	<b>12.1x</b>	<b>10.2x</b>	<b>9.6x</b>	<b>11.1x</b>	<b>11.1x</b>	<b>10.2x</b>
<b>Median</b>		<b>98.6%</b>	<b>27,241</b>	<b>32,321</b>	<b>11.0</b>	<b>9.2</b>	<b>8.4</b>	<b>10.9</b>	<b>11.4</b>	<b>10.7</b>
<b>Lumber &amp; Forest Products</b>										
Canfor Corporation	\$ 12.52	70.4%	\$ 1,434	\$ 1,609	NM	7.2x	4.0x	NM	NM	15.3x
UFP Industries, Inc.	114.97	89.4%	6,981	6,155	7.9	7.9	7.2	9.6	9.8	8.9
West Fraser Timber Co. Ltd.	83.33	94.4%	6,645	6,283	11.7	7.3	4.9	NM	NM	8.2
<b>Mean</b>		<b>84.7%</b>	<b>\$ 5,020</b>	<b>\$ 4,682</b>	<b>9.8x</b>	<b>7.4x</b>	<b>5.4x</b>	<b>9.6x</b>	<b>9.8x</b>	<b>10.8x</b>
<b>Median</b>		<b>89.4%</b>	<b>6,645</b>	<b>6,155</b>	<b>9.8</b>	<b>7.3</b>	<b>4.9</b>	<b>9.6</b>	<b>9.8</b>	<b>8.9</b>
<b>Overall Construction Materials Mean</b>		<b>93.9%</b>	<b>\$ 21,667</b>	<b>\$ 25,404</b>	<b>11.7x</b>	<b>9.4x</b>	<b>8.4x</b>	<b>10.8x</b>	<b>10.9x</b>	<b>10.4x</b>
<b>Overall Construction Materials Median</b>		<b>95.8%</b>	<b>11,649</b>	<b>\$ 19,541</b>	<b>10.9</b>	<b>7.9</b>	<b>7.4</b>	<b>10.3</b>	<b>10.6</b>	<b>9.9</b>

Source: CapitalIQ as of March 13, 2024.

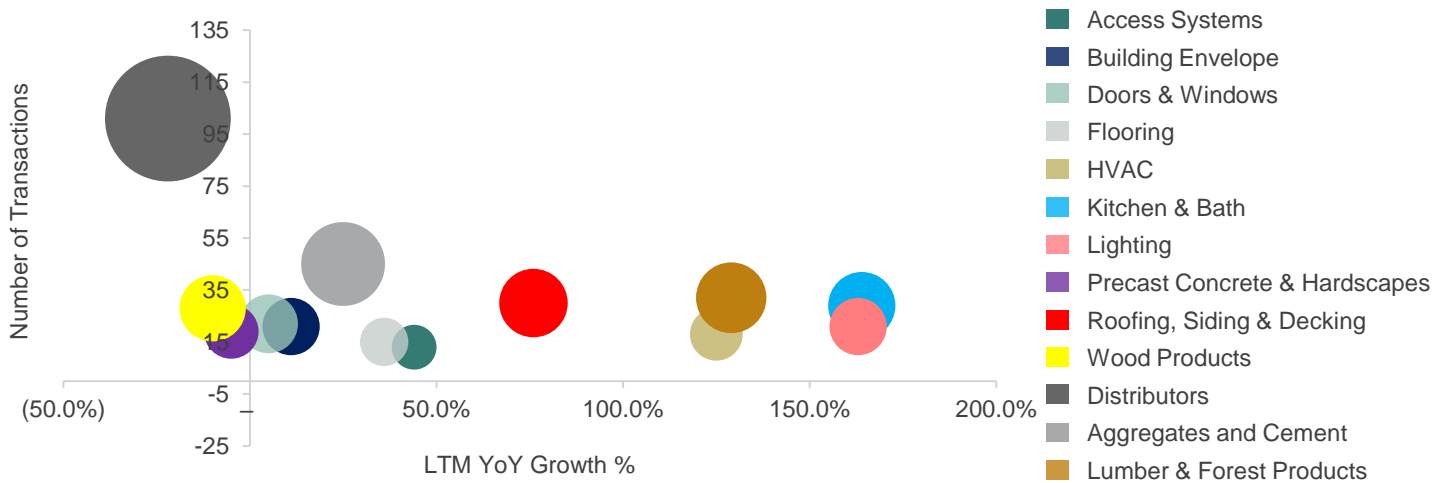




# M&A Activity Summary

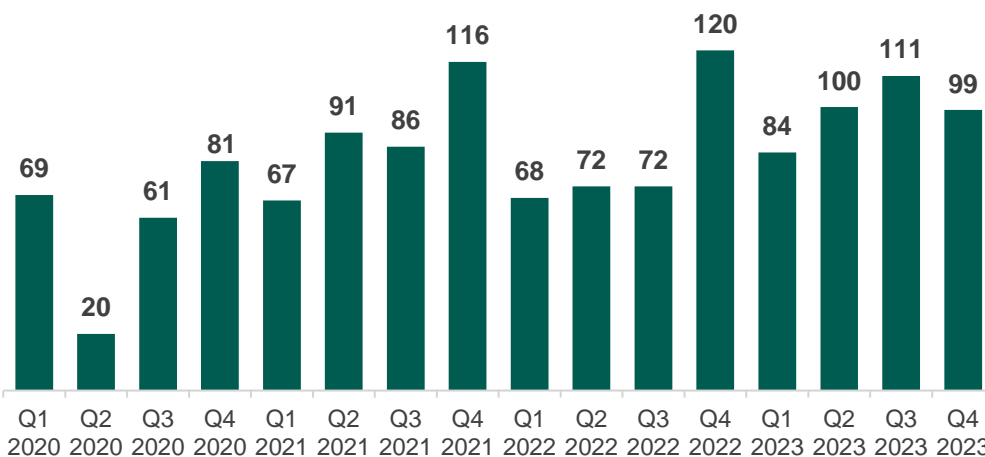


## Q4 2023 Transaction Activity



- Building Products M&A has been a notable market segment in 2023. Overall, Building Products M&A has been up over the last twelve months while the total volume of M&A transactions across all markets is down dramatically from 2022
- LTM Dec '23 North American building products transaction volume was above LTM Dec '22, by roughly 18.0%
- Transaction volume over the LTM Dec '23 period increased in access systems, building envelope, doors & windows, flooring, HVAC, kitchen & bath, lighting, roofing, siding & decking, aggregates and cement, and lumber & forest products, but decreased in precast concrete & hardscapes, wood products, and distributors

## Building Products Deal Volume by Quarter



- Q4 2023 deal volume was up 18.8% and Q3 deal volume was up 54.2%, respectively, versus the same periods in 2022 and continues to illustrate a resilient market for North American building products companies; LTM Dec '23 came in at 394 transactions vs. LTM Dec '22 with 334 transactions
- Total deal count for 2023 was up in 2023 compared to 2022, ending the year with 394 transactions vs 2022's 332 transactions

Source: CapitalIQ as of January 2024.

## Q1 2024 Notable Transactions

Target	Acquirer	Target Description	Deal Notes
		<ul style="list-style-type: none"> <li>PGT Innovations (“PGTI”) is a leading manufacturer of impact-resistant aluminum and vinyl-framed windows and doors</li> <li>The company is headquartered in North Venice, Florida</li> </ul>	<ul style="list-style-type: none"> <li>Announced Date: 01/17/2024</li> <li>Implied Enterprise Value: \$3,100M</li> <li>EV / LTM EBITDA: 11.6x</li> <li>MITER and PGTI have highly complementary product mix and geographic presence allowing the combined company to further provide additional service and value to customers nationwide</li> </ul>
		<ul style="list-style-type: none"> <li>Masonite International (“Masonite”) is a manufacturer and distributor of interior and exterior doors</li> <li>The company is headquartered in Tampa, Florida</li> </ul>	<ul style="list-style-type: none"> <li>Announced Date: 02/09/2024</li> <li>Implied Enterprise Value: \$3,900M</li> <li>EV / LTM EBITDA: 8.6x</li> <li>The addition of Masonite’s market-leading doors business creates a new growth platform for Owen’s Corning, strengthening the company’s position in residential building materials and extending its product offering</li> </ul>
		<ul style="list-style-type: none"> <li>Signature Systems (“Signature”) is a manufacturer and distributor of temporary flooring and fencing products</li> <li>The company is headquartered in Flower Mound, Texas</li> </ul>	<ul style="list-style-type: none"> <li>Announced Date: 01/02/2024</li> <li>Implied Enterprise Value: \$350M</li> <li>EV / LTM EBITDA: 8.0x</li> <li>Signature’s products are complementary to Myers while adding a complementary platform for long-term growth driven by world-wide investments in infrastructure over the next decade</li> </ul>
		<ul style="list-style-type: none"> <li>American Alloy Steel (“AAS”) is a distributor of specialty carbon and alloy steel plate and round bar, including pressure-vessel-quality material</li> <li>The company is headquartered in Houston, Texas</li> </ul>	<ul style="list-style-type: none"> <li>Announced Date: 02/14/2024</li> <li>Implied Enterprise Value: Undisclosed</li> <li>EV / LTM EBITDA: Undisclosed</li> <li>The acquisition of AAS expands Reliance’s product line to include carbon steel plating and increases its value-added processing capabilities</li> </ul>
		<ul style="list-style-type: none"> <li>Eastern Supply Inc. (“Eastern Supply”) is a distributor of a broad range of storm drainage products with custom fabrication capabilities</li> <li>The company is headquartered in Winchester, Virginia</li> </ul>	<ul style="list-style-type: none"> <li>Announced Date: 02/12/2024</li> <li>Implied Enterprise Value: Undisclosed</li> <li>EV / LTM EBITDA: Undisclosed</li> <li>The acquisition is expected to significantly increase Core &amp; Main’s product knowledge and fabrication capabilities in water, wastewater, and stormwater management</li> </ul>

Source: Press releases, investor presentations, and CapitalIQ as of December 04, 2023.



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## Glossary of Terms & Other Important Information

**EBITDA** – Earnings before interest, taxes, depreciation & amortization. An approximate measure of a company's operating cash flow based on data from the company's income statement.

**EBIT** – Earnings before interest and taxes. A measure of a company's earning power from ongoing operations, equal to earnings before deduction of interest payments and income taxes.

**Enterprise Value (EV)** – Market value of equity plus debt less cash. A measure of what the market believes a company's ongoing operations are worth.

**LTM** – Last twelve months. Time period used when referencing a financial statistic.

**NTM** – Next twelve months. Time period used when referencing a financial statistic.

**The S&P 500** – An unmanaged common stock index commonly used to measure and report common stock performance.





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