

# BUILDING PRODUCTS **INSIGHT**

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# Raymond James Building Products coverage team

Raymond James offers an industry-leading, experienced team of investment bankers dedicated to the building products industry, covering the global marketplace with team members across North America



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banking experience

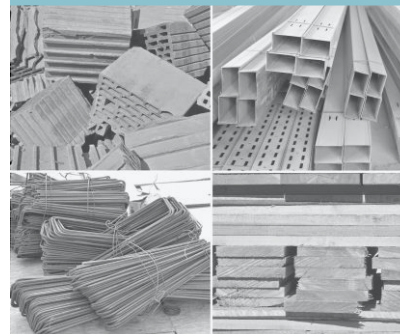
**23**

transactions closed  
since 2020

## Building Materials



## Building Products



## Distribution



# The road ahead

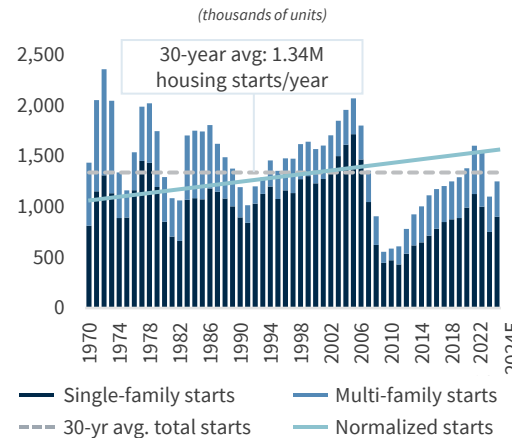
## Our thoughts

- In this quarterly update, we examine the current state of the residential construction markets. Interesting, rather than a slowdown, and consistent with our expectations, we have seen a shift in short-expenditures. The impact of this shift will have varying effects on the overall market
  - Increased household formation - the long term need of ~1.5mm housing starts annually has not changed
  - Raising interest rates - raising rates naturally increase monthly carrying costs for borrowers (**Figure 2**) - note, this is partially offset by large builders buying down mortgage rates
  - Existing home sales - we've seen a slowdown as consumers are less reluctant to switch to new, higher priced financing
  - Increased R&R activity - homeowners will continue R&R investment. We view the basket of purchases as changing over time, with the current focus on high tickets purchases
- What does this mean for the immediate to near-term?
  - The market is realizing both in private and public companies that many building product assets have a sustainable value proposition in a growing market, and will benefit from sustainable margins
  - Ironically, a deflationary environment in certain commodities has actually helped certain companies demonstrate that value
  - Current market headwinds and a continued rise in interest rates has also presented a unique opportunity for strategic buyers. Already flush with cash, strategics will have ample opportunity to capitalize on the current environment and be the primary drivers of M&A activity within the space over the next several years in order to supercharge its growth
- At ground level, companies with which we have active dialogue continue to see strong demand – a point echoed by many public companies in the building products space (**Page 6**). While there has been a pull-back in starts due to an increase in mortgage rates, this will only accentuate the US's severely underbuilt housing supply. As more millennials continue to live at home due to the barriers of homeownership (**Figure 3**) while aging into prime years of family formation (**Figure 4**), we view the long-term set up in housing to be highly favorable
- As a result, we are keeping our eyes on three main factors:
  - How SFR performs given reduced rent increases
  - The second home vs. primary home market
  - Continued migration to low tax states

## Housing fundamentally underbuilt

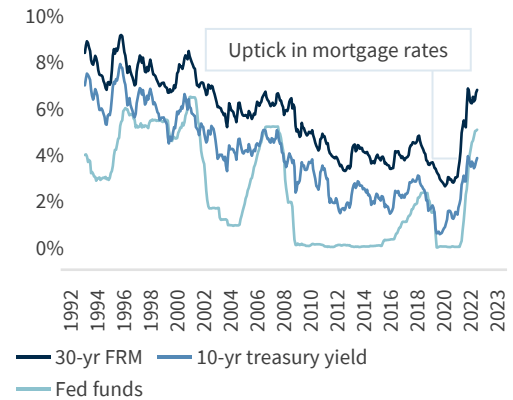
### 1 Magnitude of single-family shortages

Total U.S. housing starts (1970-2024E)



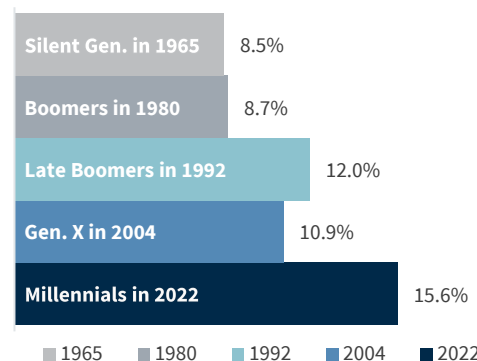
### 2 Unprecedented surge in mortgage rates

Key interest rates (1992-2023)



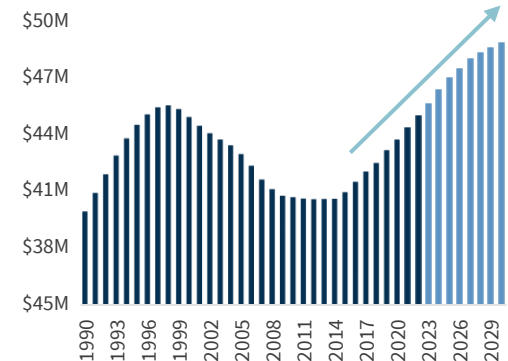
### 3 Many millennials remain at home

U.S. 25-34 year olds living with parents



### 4 With millennials aging into the 30+ cohort

U.S. population ages 33-42 years old



# What are Raymond James analysts saying?

The rise in mortgage rates has only exacerbated the issue of an under-supply of homes which has made homeowners reluctant to list their homes for sale. This has led to a surge in new construction demand for homebuilders to enjoy

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INDUSTRY COMMENT

### Mid-Year "Mea Culpa": Builders' Resilience to Rates Poised to Continue, Re-Ratings Merited

- **Updating housing estimates, upgrading select homebuilders.** With this update, we are refreshing our macro U.S. housing projections, raising homebuilder EPS estimates going into 2Q23 earnings next week, and upgrading several homebuilders to more constructive ratings. Specifically, we are raising Toll Brothers to Strong Buy with an updated \$100 target price, and likewise we are raising Lennar, PulteGroup, KB Home, and MDC Holdings to Outperform ratings (from Market Perform). Of course, we are keenly aware that the optics of turning more positive on homebuilders after the group has already achieved a new all-time high is far from ideal. But we must always re-assess what we missed earlier and the facts on the ground as we see them today. To that end, we have belatedly come to the realization that the magnitude of pent-up demand for single-family homes – coupled with the proven resilience of builders' de-risked operating models – warrants a refreshed valuation approach. In fact, we'd suggest it may be time for a wholesale reconsideration of traditional homebuilding cyclicality and valuation frameworks that have kept builders trading at antiquated P/E and P/B multiples that are fractions relative to sectors with equally (or more) volatile earnings.
- **Shockingly lean re-sale inventories drive our change of heart.** First, we must address the obvious up front: we've been caught flatfooted by the homebuilders' remarkable YTD stock performance (aside from our TOL recommendation), admittedly self-paralyzed by a boundless "wall of worry" to begin this year. From a historical lens, we admit numerous macro issues seemed poised to dramatically reset the housing market in 2023. And yet, despite a doubling of mortgage rates, a historically inverted yield curve, a regional banking crisis, widespread tech sector layoffs, awful consumer confidence readings, and a variety of other "leading" economic indicators which suggested near-term recession – job growth has barreled ahead, consumer balance sheets remained resilient, and housing demand quietly stabilized. More importantly though, the structural supply deficit of single-family homes relative to demand has only grown more acute. And that, ultimately, has been the biggest surprise of the year – as the 80% of U.S. mortgages with a sub-5% rate increasingly find themselves locked in place by their mortgage's "golden handcuffs" – which has dried up existing home inventory to just 1.1 million listings (-6% y/y) and allowed builders with available product to gain industry-record market share.
- **Builders are solving affordability, expecting more 2Q momentum.** Going into next week's earnings reports, we see the homebuilders entering 2H23 with significant momentum, and yet, still facing a "wall of worry" from housing bears perplexed by historically stretched affordability ratios and concerns that mortgage rates could go even higher soon. For what its worth, our latest channel checks firmly suggest that the strong sales momentum homebuilders saw through spring continued through June, which we think bodes well for another round of potential upward EPS revisions. The public homebuilders have collectively proven out a highly successful strategy to mitigate affordability hurdles for their buyers – namely in the form of price adjustments and aggressive mortgage rate buydown programs. With new lower square footage homes also arriving soon into communities, we think the public builders are poised to widen recent market share gains against existing home competition and smaller private builders. And most importantly, recent data points also reveal that homebuilders are now attracting significantly higher-income and more well-qualified households into their communities, likely pulling many move-up and luxury buyers that are increasingly frustrated with scarce existing home inventory options.

### Updating housing estimates, upgrading homebuilders:

*"... we have belatedly come to the realization that the magnitude of pent-up demand for single-family homes – coupled with the proven resilience of builders' de-risked operating models – warrants a refreshed approach."*

### Shockingly lean re-sale inventories drive change of heart:

*"... the structural supply deficit of single-family homes relative to demand has only grown more acute. And that, ultimately, has been the biggest surprise of the year – as the 80% of U.S. mortgages with a sub-5% rate increasingly find themselves locked in place by their mortgage's "golden handcuffs" – which has dried up existing home inventory to just 1.1 million listings (-6% y/y) and allowed builders with available product to gain industry-record market share."*

### Builders are solving affordability:

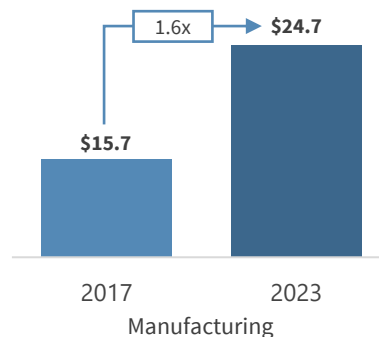
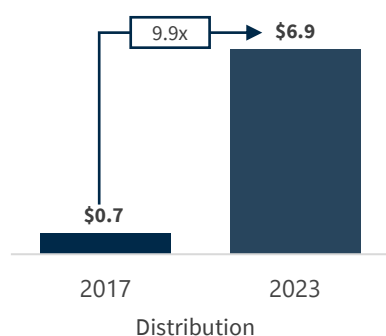
*"... recent data points also reveal that homebuilders are now attracting significantly higher-income and more well-qualified households into their communities, likely pulling many move-up and luxury buyers that are increasingly frustrated with scarce existing home inventory options."*

# Strategics generating significant cash

## Cash Flow from Operations

(\$ in billions)

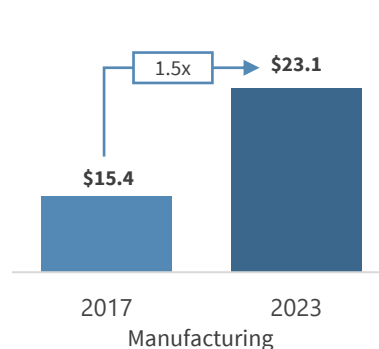
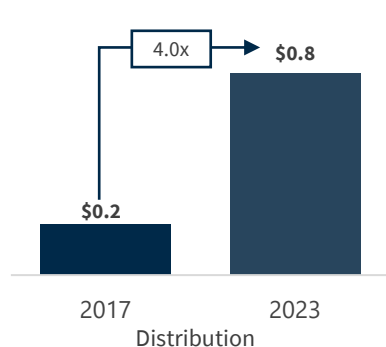
**A scarcity of high-quality assets coupled with tremendous cash generation over the last several years has resulted in an environment where long term investors have both ample liquidity and an appetite for M&A**



## Cash on Balance Sheet









(\$ in billions)

**Strategics are well-funded and poised to amplify dealmaking for assets which previously would be lost to financial buyers with access to cheap financing**











# Updates from key strategic companies

Company	2Q Results	Key Highlights
Building Product Distribution		
 <b>BEACON</b>		<ul style="list-style-type: none"> <li>Beat 2Q estimates; driven primarily by higher-than-expected resi volumes (via heavy y/y storm activity)</li> <li>2Q resi volumes were healthy, with incremental pricing about to go effective</li> </ul>
 <b>BlueLinx</b> <small>America's Building Products Distributor</small>		<ul style="list-style-type: none"> <li>Missed 2Q estimates; mainly driven by price deflation and decreased sales volume</li> <li>YoY sales decreases in specialty and structural products as a result of commodity markets and volume normalization</li> </ul>
 <b>Builders FirstSource</b>		<ul style="list-style-type: none"> <li>Beat 2Q earnings estimates; realizing significant value from operational initiatives and a stabilizing housing market</li> <li>Expects a slowdown in the multi-family housing market while single-family improves through the back half of 2023</li> </ul>
Building Product Manufacturing		
 <b>HOLCIM</b>		<ul style="list-style-type: none"> <li>Beat 2Q estimates; while sales are down 11% compared to 1H 2022, organic growth is up 7.4% over the same period</li> <li>Continued focus on North American expansion with expectations of ~40% of net sales from North America in 2023</li> </ul>
 <b>OWENS CORNING</b>		<ul style="list-style-type: none"> <li>Beat 2Q estimates; experiencing positive price realization and lower input costs, mitigating lower volumes</li> <li>Elevated roofing net sales (10%) offset challenged composite and insulation sales during 2Q 2023</li> </ul>
 <b>PGI</b> <small>FOAM SOLUTIONS</small>		<ul style="list-style-type: none"> <li>Met 2Q consensus; 2Q volumes were down ~13% YoY but analysts believe this should be the trough</li> <li>Continued focus on cost controls &amp; execution by investing in capacity &amp; automation</li> </ul>
Building Product Materials/Commodities		
 <b>LP</b> <small>BUILDING PRODUCTS</small>		<ul style="list-style-type: none"> <li>Met 2Q consensus; LP reported adjusted EBITDA levels in-line with consensus but guidance declines in siding</li> <li>Volume levels in the 2H of 2022 were the strongest in company history and LP has 'room to run' in its siding pricing</li> </ul>
 <b>Martin Marietta</b>		<ul style="list-style-type: none"> <li>Beat 2Q estimates; driven by strong reported revenue due to pricing in its core divisions</li> <li>Entering 2023, Martin Marietta is focusing on 'value over volume' to generate earnings growth</li> </ul>
 <b>Vulcan</b> <small>Materials Company</small>		<ul style="list-style-type: none"> <li>2Q reported revenues were above expectations as volume trends came in stronger than expected</li> <li>VMC believes there will be modest growth in overall public demand given multiple federal funding avenues</li> </ul>

Note: Arrows represent strong, stable or weak 2Q 2023 company financial results when compared to analysts' consensus expectations

# Landmark industry transactions

Duro-Last / Holcim <span>RJ</span>		Trulite / Truelink <span>RJ</span>		REEB / SBP <span>RJ</span>	
Target	Acquirer	Target	Acquirer	Target	Acquirer
 DURO-LAST THE WORLD'S BEST ROOF®	 HOLCIM	 GLASS & ALUMINUM SOLUTIONS™	 TRUELINK	 REEB	 SPECIALITY BUILDING PRODUCTS
Date: 4/3/2023		Date: 10/31/2022		Date: 10/15/2022	
Key highlights		Key highlights		Key highlights	
<b>\$1.3B</b> enterprise value	<b>11.9x</b> TEV / EBITDA multiple <sup>(1)</sup>	<b>ND</b> enterprise value	<b>ND</b> TEV / EBITDA multiple	<b>\$575M</b> enterprise value	<b>11.1x</b> TEV / EBITDA multiple
<b>~\$540M</b> revenue	<b>~\$109M</b> EBITDA <sup>(1)</sup>	<b>~\$600M</b> revenue	<b>ND</b> EBITDA	<b>~\$450M</b> revenue	<b>~\$52M</b> EBITDA
<b>Background</b> Holcim's acquisition of Duro-Last reinforces its "Vision 2025" initiative, the goal of which is to make Holcim a global leader in sustainable building materials. The addition of Duro-Last's PVC membrane roofing systems is highly complementary to Holcim's Elevate roofing business (formerly known as Firestone Building Products).		<b>Background</b> Truelink's acquisition of Trulite represented further evidence of institutional investor appetite in the glass fabrication industry. Trulite's fabrication and distribution of customized tempered, laminated, insulated and decorative glass and complementary architectural aluminum positions Trulite to capture additional market share as one of the main competitors of scale in the industry.		<b>Background</b> The acquisition of REEB represented SBP's platform investment in the door fabrication and distribution space and enabled SBP to provide a more comprehensive building products suite to customers. SBP subsequently acquired two more door and millwork distribution businesses by the end of 2021.	

(1) Based on 2023E estimates

# Landmark industry transactions (cont.)

## Henry / Carlisle

Target

Acquirer



Date: 9/1/2021

### Key highlights

**\$1.6B**

enterprise value

**13.2x**TEV / EBITDA  
multiple**~\$510M**

revenue

**~\$120M**

EBITDA

### Background

In 2018, Carlisle announced Vision 2025 – a strategic plan to drive growth and build scale with synergistic acquisitions. Carlisle's acquisition of Henry, a provider of building envelope systems for commercial and residential applications, along with the divestiture of its Brake & Friction business in the same year, reinforced Carlisle's commitment to simplify its business portfolio and strategically add scale via M&A.

## Boral / Westlake

Target

Acquirer



Date: 10/1/2021

### Key highlights

**\$2.2B**

enterprise value

**14.3x**TEV / EBITDA  
multiple**~\$1.1B**

revenue

**~\$150M**

EBITDA

### Background

The acquisition of Boral's North American Building Products business doubled Westlake's building products business and provided further exposure to high-growth building product and construction end-markets, with a focus on sustainable materials. Westlake has subsequently increased its M&A activity within the building products space.

## Beacon<sup>(1)</sup> / FBM

Target

Acquirer



Date: 2/10/2021

### Key highlights

**\$850M**

enterprise value

**11.7x**TEV / EBITDA  
multiple**~\$1.0B**

revenue

**~\$70M**

EBITDA

### Background

Beginning in 2016, consolidation activity in the interior building product distribution space was robust, including the IPO of GMS (2016), the acquisition of L&W Supply by ABC Supply (2016), the IPO of FBM (2017) and the acquisition of Allied Building Products by Beacon (2018). FBM was taken private by American Securities in January 2021, and acquired Beacon's interior business (originally from Allied) in February 2021.

(1) Represents Beacon's interior products and insulation business divisions



# Landmark industry transactions (cont.)

## Firestone<sup>(1)</sup> / Holcim

Target

Acquirer



Date: 3/31/2021

### Key highlights

**\$3.4B**

enterprise value

**12.6x**TEV / EBITDA  
multiple**~\$1.8B**

revenue

**~\$270M**

EBITDA

### Background

Holcim's acquisition of FSBP, an industry leader in commercial roofing and building envelope solutions, was consistent with its "Strategy 2025", which aims to position Holcim as a global leader in value-add and sustainable building materials. The acquisition also gave Holcim a larger foothold in the U.S. roofing market.

## BMC / Builders FirstSource

Target

Acquirer



Date: 1/1/2021

### Key highlights

**\$2.8B**

enterprise value

**9.4x**TEV / EBITDA  
multiple**~\$3.8B**

revenue

**~\$300M**

EBITDA

### Background

Consolidation in the structural building products space had been ongoing for years. In 2015, Builders FirstSource ("BFS") acquired ProBuild, and BMC merged with Stock Building Supply. The merger between BFS and BMC created a building materials supplier with over \$11B in annual sales and a network of manufacturing locations in 40+ states.

## HD Supply / Home Depot

Target

Acquirer



Date: 12/24/2020

### Key highlights

**\$10.3B**

enterprise value

**8.8x**TEV / EBITDA  
multiple**~\$6.0B**

revenue

**~\$1.2B**

EBITDA

### Background

The acquisition of HD Supply by Home Depot reunited HD Supply to its original parent company. In 2007, Home Depot sold several businesses under the HD Supply umbrella to Bain Capital, Carlyle and CD&R. After selling off several non-core assets over the last decade, Home Depot bought back the core HD Supply business focused on facility maintenance distribution.

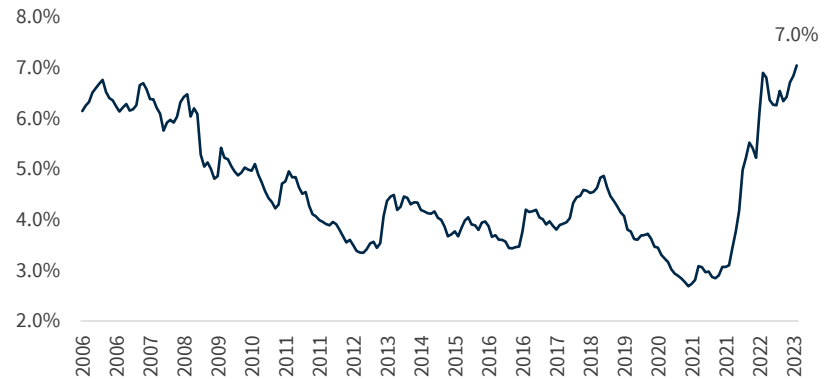
(1) Firestone Building Products ("FSBP") is a business unit of Bridgestone Americas and part of Tokyo-based Bridgestone Corporation

# Macro economic trends – residential

## NAHB housing market index

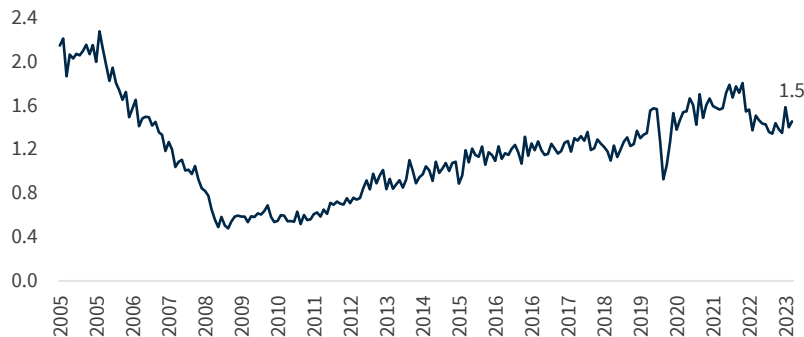


## 30-year fixed rate mortgage average



## U.S. new privately-owned housing starts

(millions of units)

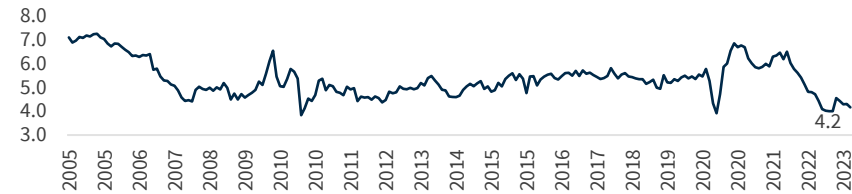


## U.S. existing home sales

(% change from Jul-22 to Jul-23 by home value)

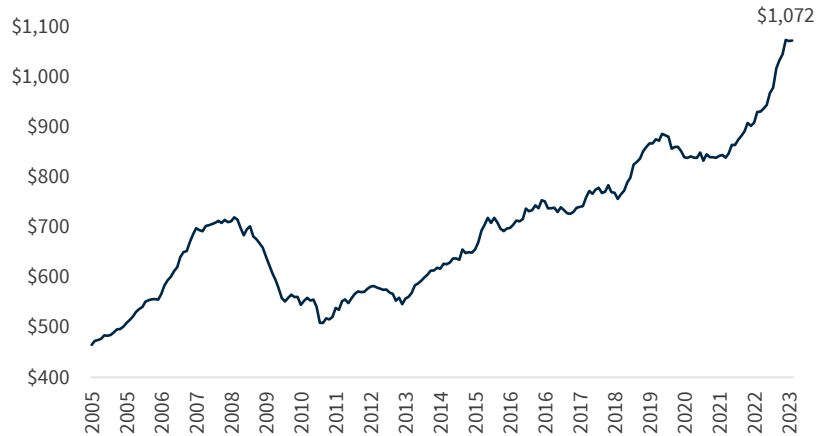
Region	\$0-\$100K	\$100-\$250K	\$250-\$500K	\$500-\$750K	\$750K-\$1M	\$1M+
Northeast	-19.8%	-26.7%	-23.2%	-21.3%	-13.5%	-12.6%
Midwest	-17.9%	-25.4%	-17.1%	-10.5%	-1.3%	-5.0%
South	-19.8%	-21.6%	-14.3%	-11.9%	-7.7%	-4.9%
West	-44.2%	-5.8%	-10.7%	-16.6%	-14.4%	-6.5%
U.S.	-19.3%	-23.4%	-15.5%	-14.7%	-10.9%	-7.2%

(millions of units)



# Macro economic trends – non-residential

## Non-residential construction spending



## Architectural billings index



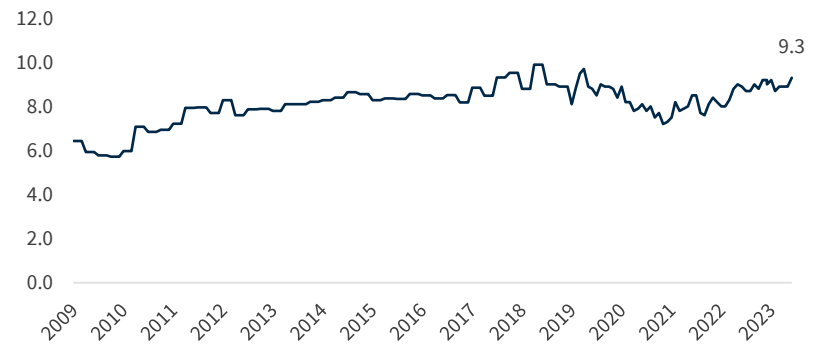
## Dodge momentum index

(year 2000 = 100)



## Construction backlog indicator

(months)



# Public company valuations & performance

## Materials/Commodities



## Distribution

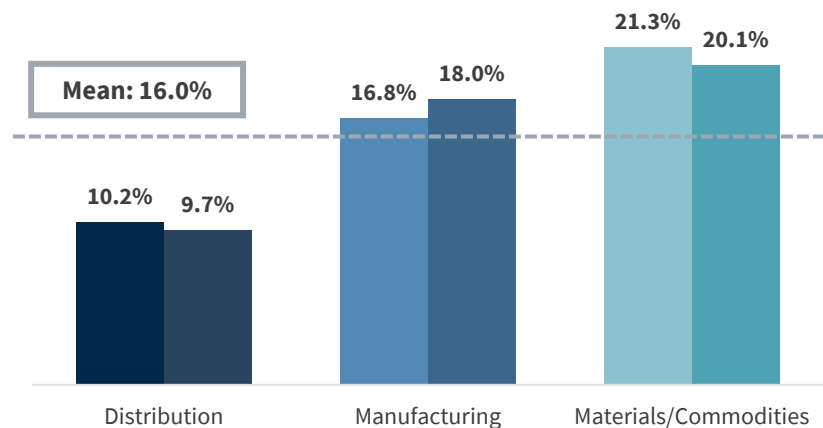


## Manufacturing



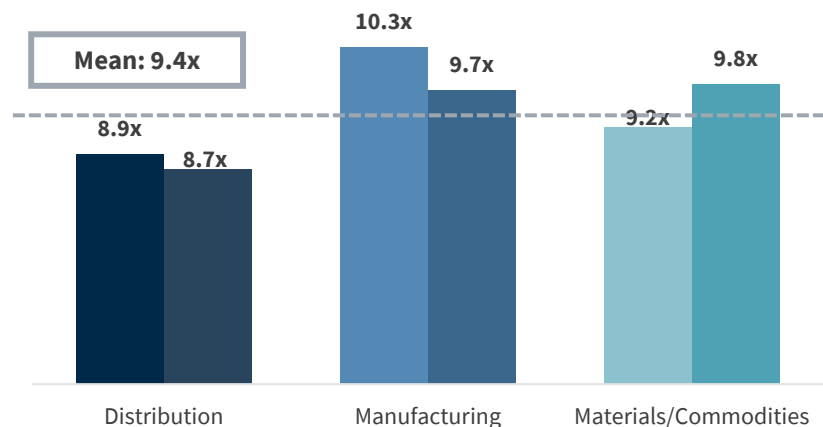
## LTM/NTM EBITDA Margin

Left side represents LTM and right side represents NTM



## TEV / LTM/NTM EBITDA

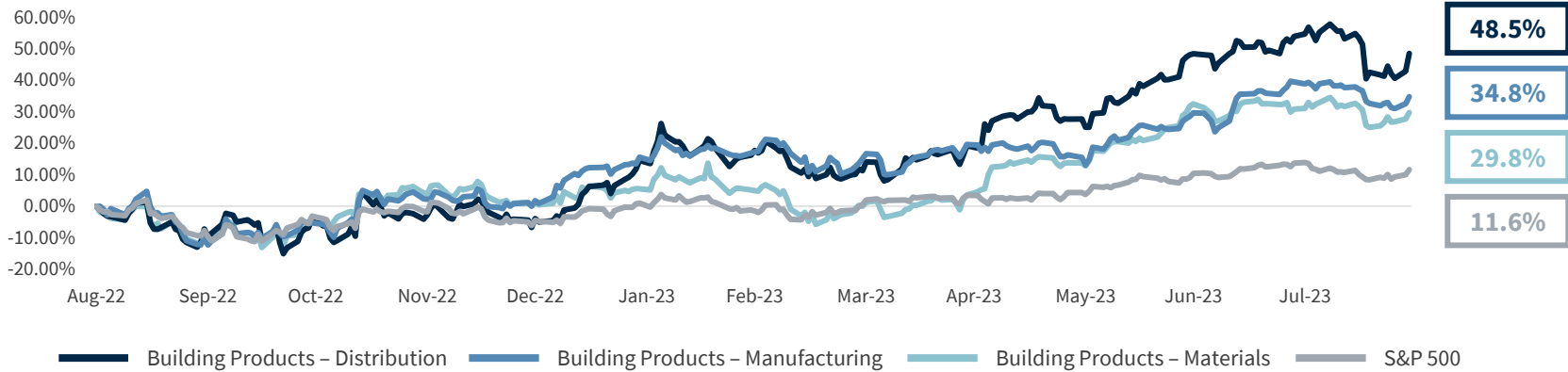
Left side represents LTM and right side represents NTM



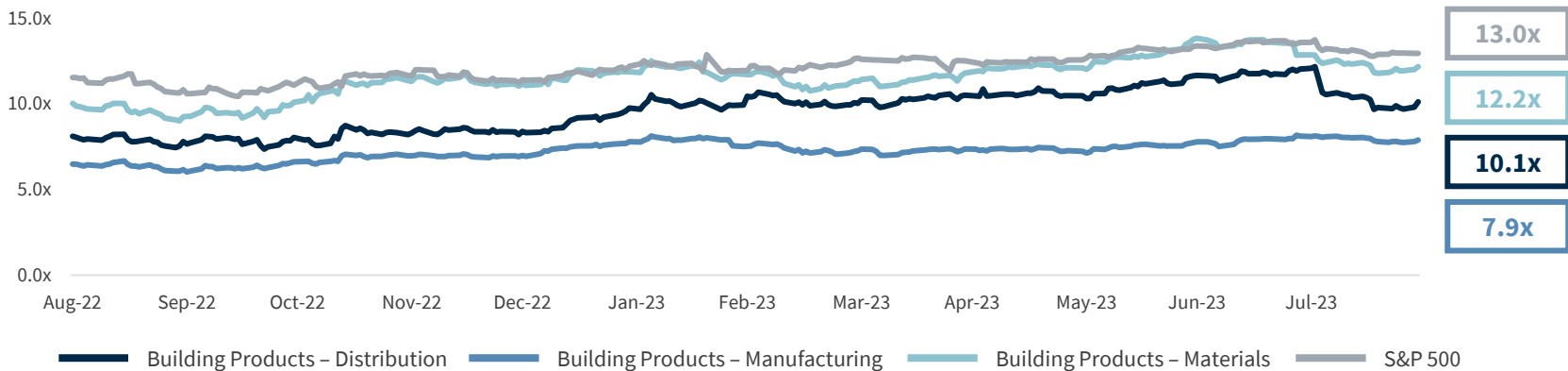


# Public company valuations & performance (cont.)

## 1-Year Index Performance



## 1-Year TEV / NTM EBITDA





# Appendix

# Representative credentials

May 2023



**\$98,900,000**  
Follow-On Offering

Bookrunning Manager

April 2023



has been acquired by



Sell-Side Advisory

October 2022



an affiliate of



SUN CAPITAL  
PARTNERS, INC.  
has been acquired by



TRUELINK

Sell-Side Advisory

September 2022



has acquired



Buy-Side Advisory

August 2022



has been acquired by



Sell-Side Advisory

May 2022



A portfolio company of



Debt Financing

November 2021



has been acquired by

One Equity Partners

Sell-Side Advisory

October 2021

an affiliate of

SUN CAPITAL  
PARTNERS, INC.

has acquired



Buy-Side Advisory

October 2021



has been acquired by



SPECIALTY BUILDING PRODUCTS

a portfolio company of

THE JORDAN COMPANY

Sell-Side Advisory

October 2021



A portfolio company of



has been acquired by



a portfolio company of

NOVACAP

Sell-Side Advisory

September 2021



has been acquired by

Confidential

Sell-Side Advisory

July 2021



has acquired



HILLMAN

Capital Markets  
Advisory

May 2021



has been acquired by



Sell-Side Advisory

April 2021



has been acquired by



Sell-Side Advisory

March 2021



A portfolio company of

TENEX | CAPITAL MANAGEMENT

has been acquired by



Sell-Side Advisory

February 2021



A portfolio company of

ATLAS | HOLDINGS

has been acquired by



Sell-Side Advisory

November 2020



has acquired



Buy-Side Advisory

October 2020

























has been acquired by



























Sell-Side Advisory

# Select industry transactions

Date	Target	Acquirer	TEV / EBITDA	Description
RJ 4/3/2023	 <b>DURO-LAST</b> THE WORLD'S BEST ROOF®	 <b>HOLCIM</b>	11.9x	Headquartered in Saginaw, Michigan, Duro-Last is a manufacturer of PVC roofing systems, including roll good products, fabricated roofing deck sheets and custom accessories
3/1/2023	 <b>tilebar</b>	 <b>AEA</b>	-	Founded in 2009, TileBar is a designer, distributor and marketer of wall and floor tile, natural stone and LVT for commercial and residential markets
2/28/2023	 <b>FABRAL</b> METAL WALL AND ROOF SYSTEMS	 <b>FLACK</b> GLOBAL METAL	-	Fabral is a manufacturer and supplier of metal roofing and wall systems for residential, commercial and post frame/agricultural end markets
2/10/2023	 <b>NEW SOUTH</b>	 <b>COLONY</b> CONSTRUCTION • SUPPLY • SERVICES • LOGISTICS • TRAILERS	-	New South Construction Supply is a supplier of construction supplies and building materials for commercial, residential and industrial contractors and has locations throughout North Carolina, South Carolina, Georgia and Florida
1/27/2023	 <b>Marsh</b> building products	 <b>SRS</b> Distribution	-	Marsh Building Products is a distributor of residential and commercial building products with eight facilities and ~130 employees
1/23/2023	 <b>SAR</b> FLOORS	 <b>NORTHSTAR</b> FLOORING	-	SAR Floors is a manufacturer of vinyl plank flooring serving a variety of residential and commercial end markets
1/9/2023	 <b>United fibers</b>	 <b>greenfiber</b> a division of SANCTUARY	-	United Fibers is an Arizona-based manufacturer of nature blend loose-fill insulation and stabilized insulation used as thermal insulating building materials
1/5/2023	 <b>HAJOCA</b> SINCE 1958	 <b>LARSON</b> SINCE 1958	-	Hajoca is a distributor of commercial and residential plumbing, heating and industrial supplies through over 450 locally managed locations across the U.S.
1/4/2023	<b>First Coastal Exteriors</b>	 <b>BEACON</b>	-	First Coastal Exteriors is a distributor of residential and commercial building products, including siding, gutter products and windows, with locations in Alabama and Mississippi
1/3/2023	 <b>Williams</b> Distributing	 <b>DAIKIN</b>	-	Williams Distributing is a Michigan-based distributor of heating and cooling, kitchen and bath, plumbing, hearth and garage door products to builders, builders, contractors, interior designers and architects
1/3/2023	<b>Building Products, LLC</b>	 <b>BEACON</b>	-	Building Products is a New York-based manufacturer and supplier of structural and related building products
1/3/2023	 <b>Endura</b> PRODUCTS, INC.	 <b>MASONITE</b>	-	Endura Products is a manufacturer of performance door frames and door system components selling to builders and homeowners through a network of dealers



# Select industry transactions (cont.)

Date	Target	Acquirer	TEV / EBITDA	Description
12/30/2022			-	Founded in 1979, Tanner Bolt & Nut is a distributor of fasteners, tools, safety and related construction products to the New York City area
12/21/2022			-	CMI is a Georgia-based manufacturer of engineered products providing sustainable protection and accessibility for a wide variety of marine and commercial environments
12/20/2022			-	Telluride Natural Stone is a wholesale distributor of natural stone, reclaimed wood, reclaimed brick and hardscapes to the greater Phoenix market
12/20/2022			-	Da Vinci Marble is a distributor of natural stone and decorative tile to the San Francisco and Palo Alto-area markets and provides products from Italy and around the world
12/19/2022			-	Based in Brea, California, Win-Dor manufactures and distributes windows and doors for residential and commercial clients
12/14/2022			-	Basco Manufacturing designs and fabricates bathroom shower doors and enclosures; offering framed, semi-frameless enclosures, cleaning products and protective coatings
12/7/2022			-	Based in Denver, Colorado, Titan Insulation Supply manufactures a variety of insulation products and accessories
12/1/2022			-	Substantial Aggregate Reserves of J-2 Contracting Company comprises aggregate reserves in the form of a fully permitted and operational sand and gravel site across the U.S.
12/1/2022			-	Based in Kutztown, Pennsylvania, Palight Trimboard is a manufacturer of extruded thermoplastic sheets, panel systems and finished products
RJ 11/1/2022			-	Trulite Glass & Aluminum Solutions manufactures and distributes architectural aluminum products, fabricated glass, glass entrances, decorative glass and mirrors in North America
10/19/2022			9.9x	Jackson Holding manufactures insulation and building systems to the construction industry, as well as special products and packaging made from expanded and extruded polystyrene
10/14/2022			8.5x	Martin Door manufactures and designs custom garage doors and offers insulation doors and windows for residential and commercial customers

# Building Products trading multiples

Trading Multiples (\$MMs, except for per share data)	Stock Price	Market Cap	Net Debt	Enterprise Value	EBITDA Margin	Net Debt / LTM EBITDA	EV / LTM		EV / NTM	
							Revenue	EBITDA	Revenue	EBITDA
Building Product Materials/Commodities										
Lumber										
Boise Cascade Company	\$67.04	\$2,654.1	\$532.5	\$2,105.7	13%	0.6x	0.3x	2.3x	0.3x	4.0x
Louisiana-Pacific Corporation	\$59.68	\$4,303.3	\$410.0	\$4,642.3	16%	0.9x	1.7x	10.5x	1.7x	11.9x
UFP Industries, Inc.	\$79.74	\$4,933.1	\$387.3	\$4,579.8	11%	0.4x	0.6x	5.2x	0.6x	5.8x
Aggregates										
Eagle Materials Inc.	\$143.71	\$5,091.9	\$1,186.6	\$6,225.4	34%	1.6x	2.8x	8.3x	2.9x	8.1x
Martin Marietta Materials, Inc.	\$353.45	\$21,844.7	\$5,433.3	\$26,856.5	31%	2.9x	4.5x	14.5x	4.0x	14.6x
Summit Materials, Inc.	\$27.01	\$3,212.3	\$1,543.0	\$4,525.2	21%	3.0x	1.8x	8.8x	2.0x	8.9x
Vulcan Materials Company	\$172.36	\$22,900.8	\$4,504.8	\$27,239.6	24%	2.5x	3.6x	15.1x	3.6x	15.1x
Mean						1.7x	2.2x	9.2x	2.2x	9.8x
Median						1.6x	1.8x	8.8x	2.0x	8.9x
Building Product Distribution										
ADENTRA Inc.	\$18.54	\$414.4	\$639.1	\$1,043.0	6%	4.2x	0.4x	6.8x	0.3x	4.4x
Beacon Roofing Supply, Inc.	\$60.21	\$3,799.0	\$2,262.3	\$5,980.7	10%	2.7x	0.7x	7.2x	0.7x	7.3x
BlueLinX Holdings Inc.	\$71.31	\$642.0	\$609.2	\$832.9	7%	2.6x	0.2x	3.5x	0.2x	3.9x
Builders FirstSource, Inc.	\$96.72	\$12,093.5	\$4,183.6	\$16,187.9	17%	1.3x	0.9x	5.2x	1.0x	9.4x
Doman Building Materials Group Ltd.	\$4.85	\$422.0	\$549.5	\$969.3	6%	4.9x	0.5x	8.7x	0.4x	6.0x
GMS Inc.	\$57.23	\$2,323.9	\$1,288.1	\$3,447.3	12%	2.0x	0.6x	5.4x	0.7x	6.5x
Pool Corporation	\$338.94	\$13,236.3	\$1,468.9	\$14,652.0	15%	1.7x	2.5x	16.6x	2.5x	15.1x
SiteOne Landscape Supply, Inc.	\$138.59	\$6,244.6	\$828.1	\$6,993.2	9%	2.1x	1.7x	17.8x	1.7x	17.1x
Mean						2.7x	0.9x	8.9x	0.9x	8.7x
Median						2.3x	0.7x	7.0x	0.7x	6.9x

# Building Products trading multiples (cont.)

Trading Multiples (\$MMs, except for per share data)	Stock Price	Market Cap	Net Debt	Enterprise Value	EBITDA Margin	Net Debt / LTM EBITDA	EV / LTM		EV / NTM	
							Revenue	EBITDA	Revenue	EBITDA
Building Product Manufacturing										
Armstrong World Industries, Inc.	\$70.94	\$3,172.5	\$699.4	\$3,764.7	25%	2.2x	3.0x	11.8x	2.9x	9.3x
The AZEK Company Inc.	\$25.91	\$3,869.9	\$686.2	\$4,309.2	16%	3.4x	3.4x	21.3x	3.3x	15.1x
Carlisle Companies Incorporated	\$217.56	\$10,833.2	\$2,584.2	\$13,038.1	22%	1.9x	2.2x	9.8x	2.1x	8.7x
CRH plc	\$49.56	\$35,310.9	\$11,217.0	\$42,252.9	18%	1.9x	1.2x	7.1x	1.3x	7.8x
Fortune Brands Innovations, Inc.	\$59.58	\$7,560.1	\$3,357.3	\$10,235.7	18%	4.1x	2.3x	12.5x	2.3x	11.7x
Holcim Ltd	\$65.42	\$37,884.2	\$16,598.1	\$50,399.0	18%	2.9x	1.6x	8.9x	1.8x	7.7x
Interface, Inc.	\$7.81	\$453.8	\$564.5	\$925.4	11%	4.0x	0.7x	6.6x	0.7x	5.6x
JELD-WEN Holding, Inc.	\$12.21	\$1,040.1	\$1,819.4	\$2,661.5	7%	5.0x	0.5x	7.3x	0.6x	7.3x
Kingspan Group plc	\$67.39	\$12,260.8	\$2,562.2	\$13,992.1	12%	2.4x	1.5x	13.2x	1.7x	14.7x
Masco Corporation	\$50.06	\$11,259.8	\$3,277.0	\$14,156.8	18%	2.3x	1.7x	9.8x	1.8x	10.7x
Masonite International Corporation	\$91.29	\$2,008.7	\$1,309.9	\$3,001.4	14%	3.3x	1.0x	7.6x	1.1x	7.0x
Mohawk Industries, Inc.	\$98.51	\$6,273.3	\$3,468.1	\$9,170.5	12%	2.5x	0.8x	6.7x	0.8x	6.6x
Owens Corning	\$100.10	\$8,992.4	\$3,259.0	\$11,283.4	23%	1.4x	1.2x	5.0x	1.2x	6.1x
PGT Innovations, Inc.	\$26.02	\$1,518.3	\$783.0	\$2,261.9	17%	3.1x	1.5x	9.1x	1.5x	9.2x
Compagnie de Saint-Gobain S.A.	\$56.68	\$28,879.9	\$16,521.8	\$38,620.1	13%	2.3x	0.7x	5.4x	0.8x	5.8x
Simpson Manufacturing Co., Inc.	\$110.78	\$4,727.3	\$631.2	\$4,950.5	26%	1.1x	2.3x	8.9x	2.5x	11.1x
Trex Company, Inc.	\$53.18	\$5,773.4	\$235.4	\$6,004.6	26%	0.9x	6.2x	23.3x	5.9x	22.3x
Whirlpool Corporation	\$139.59	\$7,652.0	\$8,304.0	\$14,647.0	7%	5.8x	0.8x	10.3x	0.8x	7.8x
Mean						2.8x	1.8x	10.3x	1.8x	9.7x
Median						2.5x	1.5x	9.0x	1.6x	8.3x

# Notes and disclosures

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Additional information is available upon request.

**EBIT:** earnings before interest and taxes

**EBITDA:** earnings before interest, taxes, depreciation and amortization

**EPS:** earnings per share

**LTM:** last twelve months

**NA:** not applicable

**NM:** not meaningful

**PE:** price earnings ratio

**TEV:** total enterprise value

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