

INDUSTRY INSIGHTS:

Building Products and Materials

First Quarter 2017



Highlights

Quarterly M&A activity hits highest level since the Great Recession with 69 transactions in Q4 2016.

Sales of new and existing homes reached the highest annual pace since 2007 due to a combination of low mortgage rates, improving job market and strong consumer confidence.

Single-family housing starts remain strong, but building permit growth has been flat, raising doubts about the sustainability of the growth.

Housing starts in the Midwest and West remain robust, while the Northeast has fared poorly due to a decline in multi-family construction.

Inventory of existing homes declined to 3.6 months of supply, a low that has not been seen in seventeen years.

The stock performance of nearly all subsectors of the building products and materials industry have outperformed the S&P 500 over the past 12 months.

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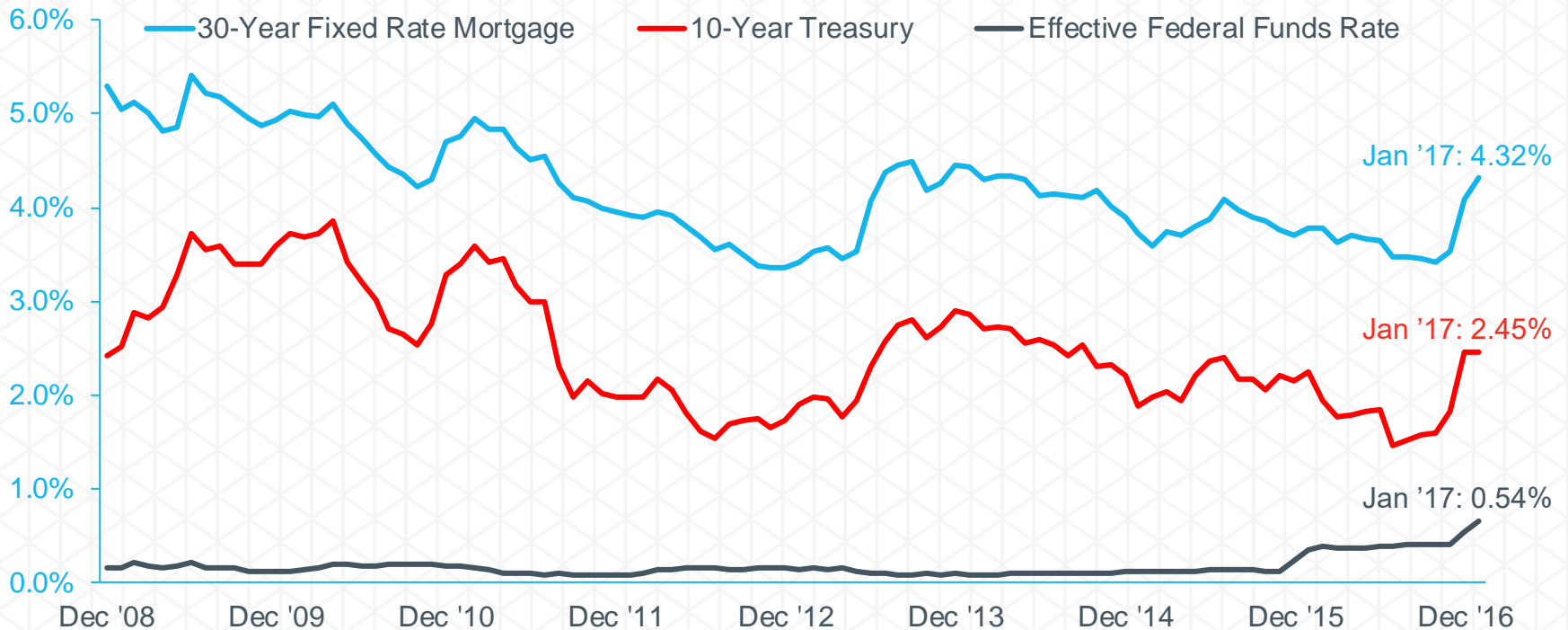
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Housing Indicators.

The 30-year mortgage rate remained steady for most of 2016; however, it increased sharply in December due to the Fed increasing its target for short-term interest rates by 0.25%. The 30-year rate is currently 4.32%. The low interest rates and anticipation of future rate increases spurred refinancing activity in the second half of 2016; however, mortgage applications for new homes dropped 14% in December from the prior month.

Key Interest Rates

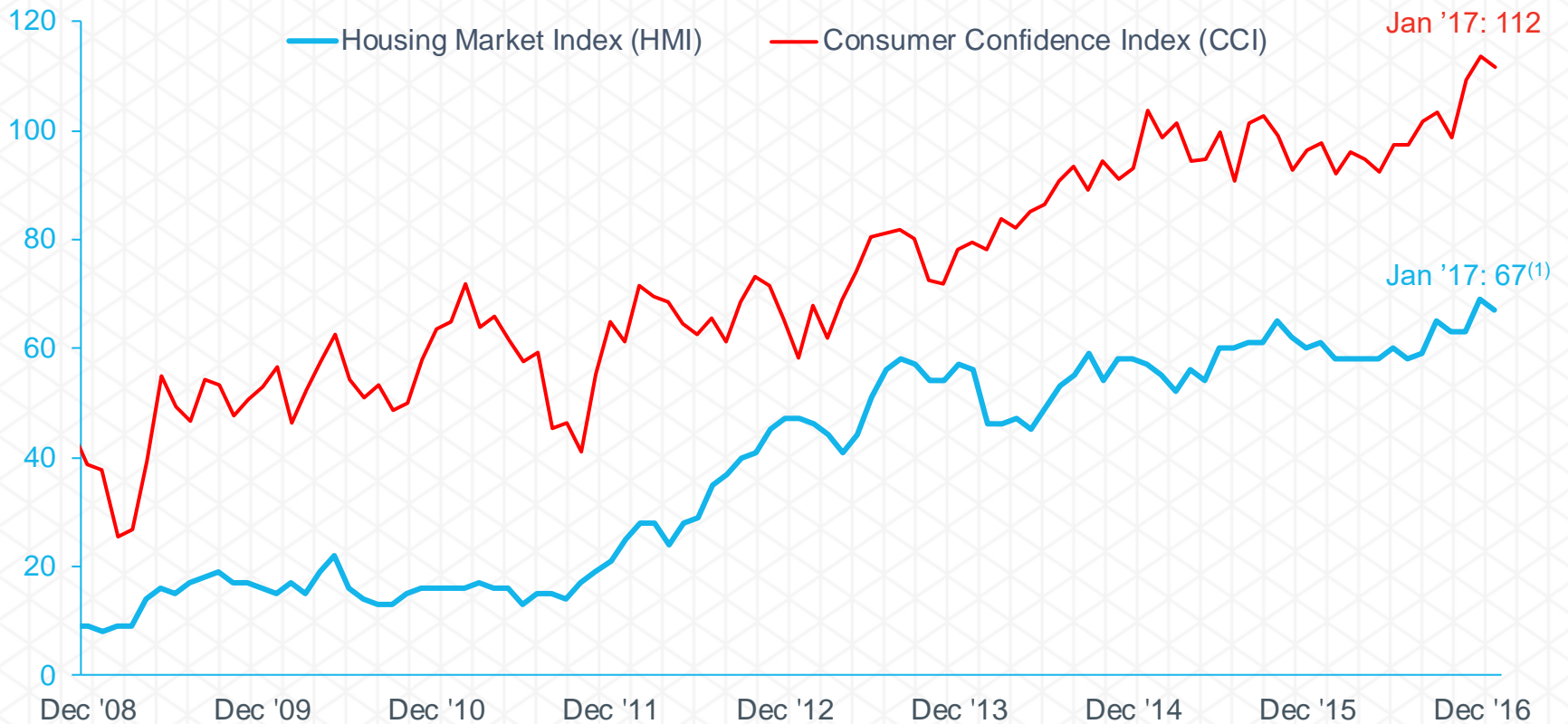


Housing Indicators

In December 2016, the CCI climbed to its highest level since 2001. After the uncertainty surrounding the presidential election subsided, confidence soared, sending the Dow Jones Industrial Average to record heights. The January CCI is up 14.3% from a year ago.

The HMI, a measure of builder confidence, increased to 67 in January 2017 from 61 a year ago. This level of builder's confidence has not been seen since 2005. The HMI has now been above 50 for 31 consecutive months, indicating strong future growth in the housing market.

Key Housing Indicators



(1) Index values greater than 50 indicate a positive view by builders

Housing Starts Continue Strong Momentum

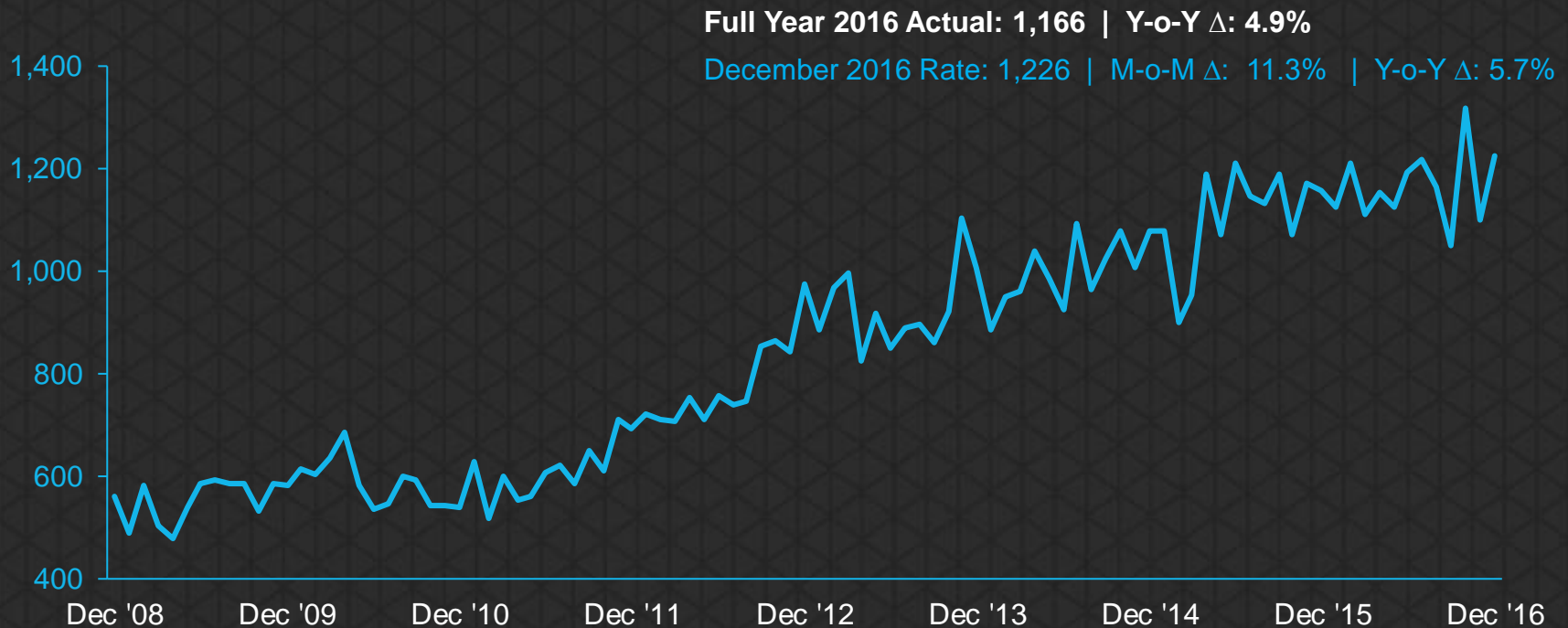
U.S. housing starts were up 4.9% in 2016 and reached the highest level since 2007. Housing starts have remained above the million mark for 21 consecutive months.

U.S. housing starts in December were at a seasonally adjusted rate of 1,226,000, which is up 11.3% compared to a month ago and up 5.7% from the same period a year ago.

The primary drivers of the strong housing starts are low interest rates, an improving job market, rising wages and faster household formations.

Single-family housing starts in 2016 were 780,900, which is 9.3% above the 2015 figure. Multi-family housing starts decreased 3.0% year-over-year.

National Housing Starts (thousands)

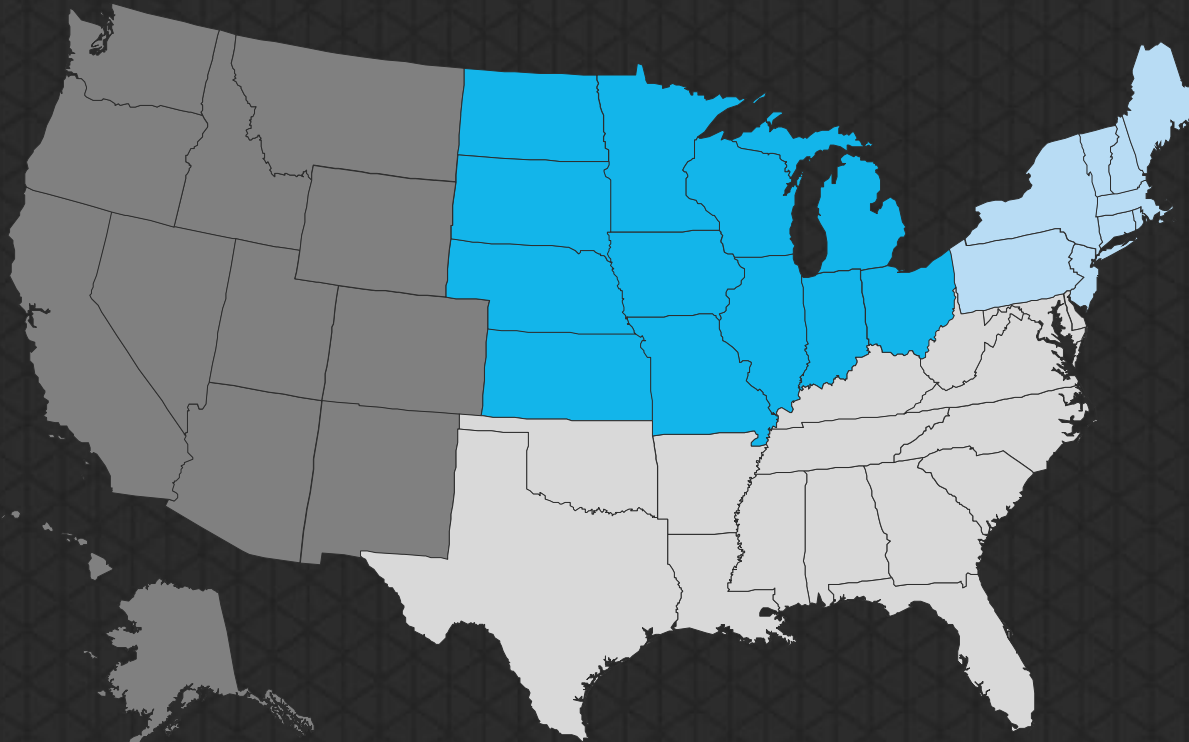


Housing Starts Continue Strong Momentum

In 2016, the Midwest was the strongest performer with a 17.4% increase in housing starts, notching gains in both single-family and multi-family construction. The West also performed well in 2016, recording a 7.7% increase from the previous year. Housing starts in the South were up 5.3% in 2016 compared to a year ago.

Overall housing starts were dragged down by a weak market in the Northeast. In this region, housing starts were down 15.6% compared to the same period a year ago due to a significant decline in multi-family construction.

Regional Housing Starts (thousands)



- **Northeast Region**
2016 Housing Starts: 116.5
Y-o-Y Δ: (15.6%)
- **Midwest Region**
2016 Housing Starts: 179.2
Y-o-Y Δ: 17.4%
- **West Region**
2016 Housing Starts: 286.0
Y-o-Y Δ: 7.7%
- **South Region**
2016 Housing Starts: 584.7
Y-o-Y Δ: 5.3%

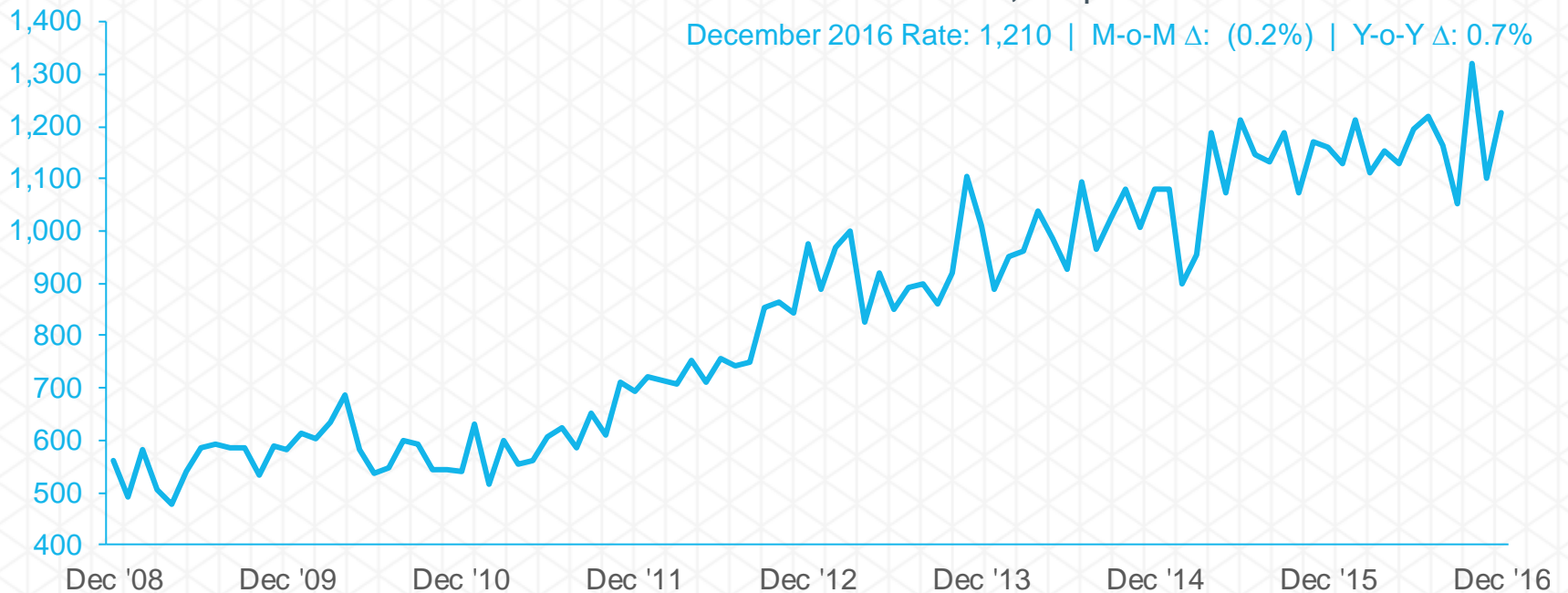
Building Permits Produced Mixed Results

New applications for building permits, a bellwether for future construction, fell 0.2% month-over-month to a seasonally adjusted annual rate of 1,210,000 in December, but was 0.7% higher than December 2015.

While building permits lagged behind housing starts in the first half of 2016, they kept pace in the latter half of 2016. In total, an estimated 1,186,900 housing units were authorized by building permits in 2016, representing a 0.4% increase from 2015.

Permits for single-family homes rose 7.1% in 2016 compared to 2015, while permits for multi-family homes declined 9.1%.

National Building Permits (thousands)



Seasonally Adjusted Annual Rate
 Source: US Department of Commerce: Census Bureau

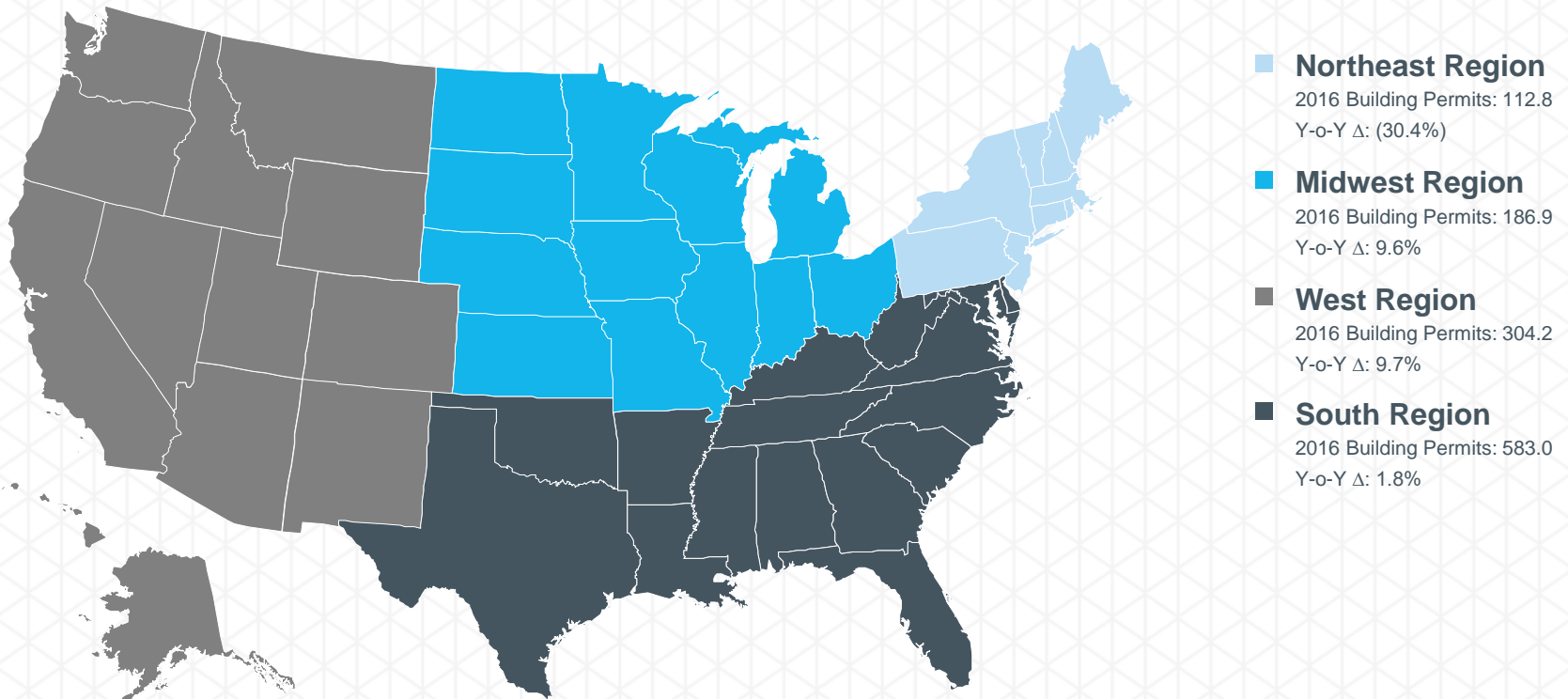
Building Permits Produced Mixed Results

Strong housing permit data was seen across the United States in 2016 in all regions but the Northeast, which decreased 30.4%. The decline was caused by a large decrease in multi-family homes, while single-family homes slightly increased.

The West and Midwest regions performed equally well, recording 9.7% and 9.6% increases, respectively. Both regions saw an increase in single-family and multi-family home permits.

While the South saw a large increase in multi-family home permits, its overall increase in permits was dragged down by a decrease in single-family homes.

Regional Building Permits (thousands)



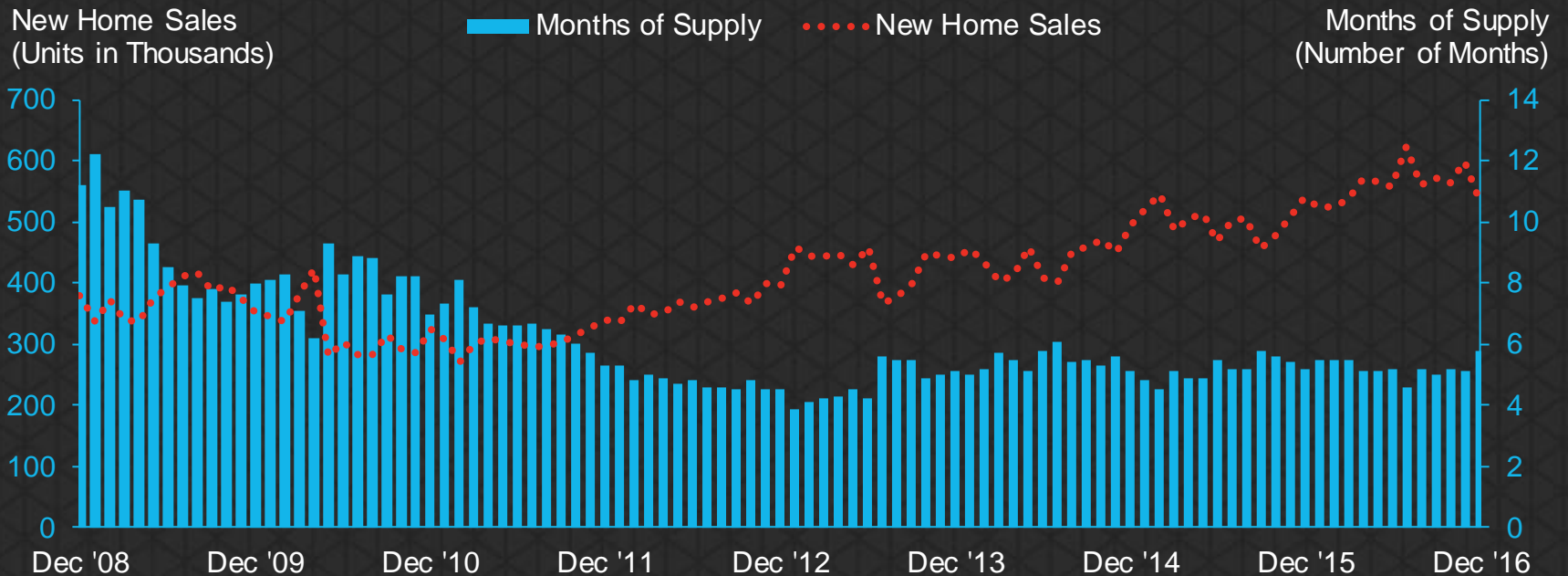
New and Existing Home Sales Reach Highest Levels Since 2007.

An estimated 563,000 new homes were sold in 2016, representing a 12.2% increase above the 2015 figure of 501,000.

New home sales dropped in December to a seasonally adjusted annual rate of 536,000, which was 10.4% and 0.4% lower than November 2016 and December 2015, respectively. The drop is believed to have been caused by rising home prices and mortgage rates.

The seasonally adjusted estimate of new houses for sale at the end of December was at 259,000, up 10.2% from 235,000 in December 2015. The supply is 5.8 months at the current sales rate, which is higher than 5.2 months from a year ago.

New Home Sales and Supply



New Home Sales: Seasonally Adjusted Annual Rate
 Months Supply: Seasonally Adjusted at Current Sales Rates
 Source: U.S. Department of Commerce: Census Bureau

New and Existing Home Sales Reach Highest Levels Since 2007.

Existing home sales reached a seasonally adjusted annual rate of 5,650,000 in November 2016, its highest level since 2007. Existing home sales decreased by 2.8% in December due to low inventory levels, rising prices and increasing mortgage rates. While sales decreased, they were still 0.7% above the December 2015 level.

Demand for housing was bolstered by first-time home buyers, which accounted for approximately one-third of existing home sales. First-time buyers benefited from near record low interest rates in 2016, an improving economy with steady job growth, and record-high stock prices.

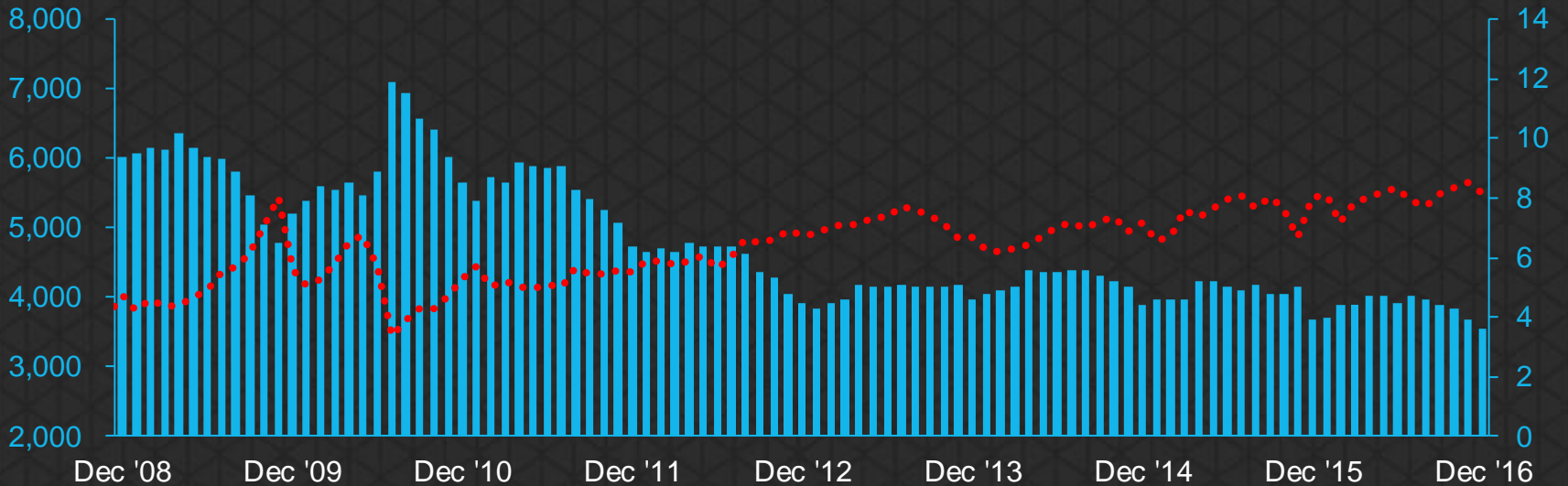
The inventory of existing homes decreased to 3.6 months in December, a low that has not been seen in 17 years.

Existing Home Sales and Supply

Existing Home Sales
(Units in Thousands)

Months of Supply Existing Home Sales

Months of Supply
(Number of Months)



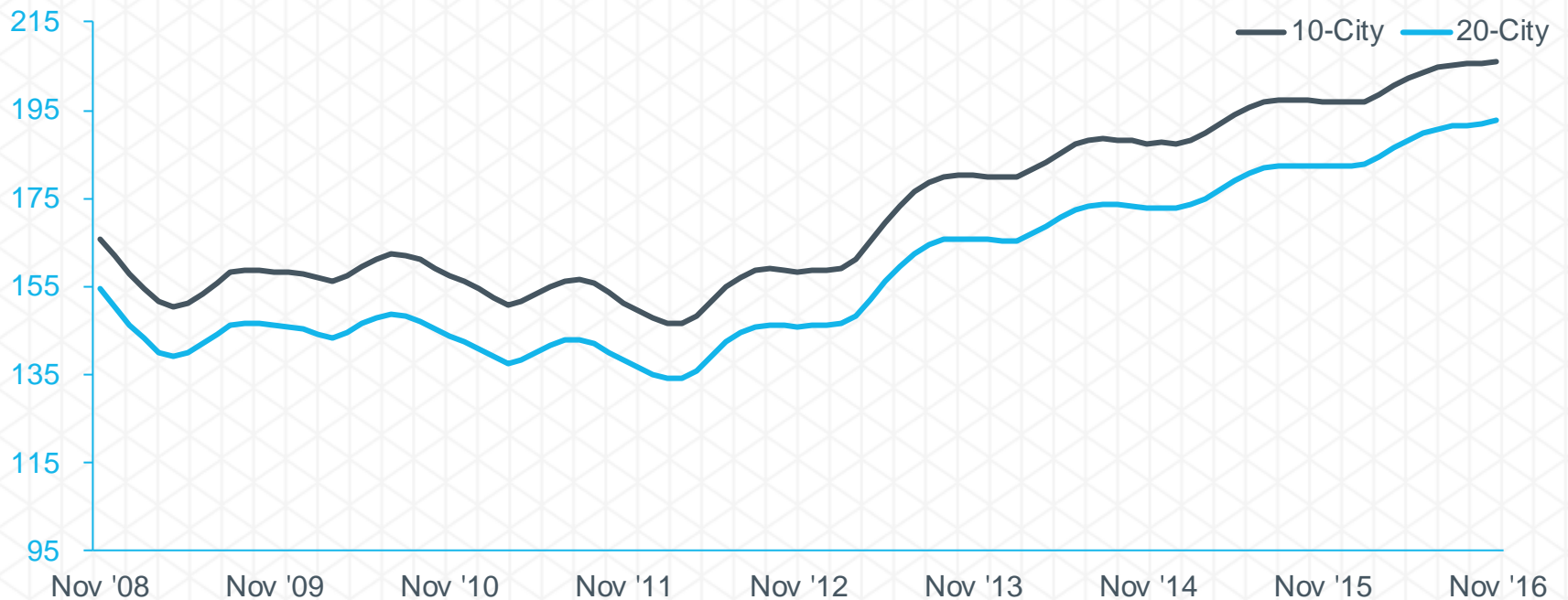
Existing Home Sales: Seasonally Adjusted Annual Rate
Months Supply: Not Seasonally Adjusted
Source: U.S. Department of Commerce: Census Bureau

U.S. Home Prices Continue to Climb.

The 10-city home price index was up 4.5% in November relative to a year ago, while the 20-city home price index was up 5.6%.

November results reflect a steady upward trend in home prices that began at the beginning of 2012. Increases in both indices have been boosted by a continuation of historically low mortgage rates through most of 2016 and a shortage of existing home inventory.

S&P CoreLogic / Case-Shiller Home Price Indices*



*The S&P CoreLogic / Case-Shiller Home Price Indices are calculated monthly using a three-month moving average and published with a two-month lag
 Monthly, Indexed to January 2000
 Source: S&P Dow Jones Indices LLC

U.S. Home Prices Continue to Climb

Seattle, Portland and Denver experienced the biggest year-over-year appreciation in home prices with increases of 10.4%, 10.1% and 8.7%, respectively.

The cities reporting the largest month-over-month increases in November were Tampa, Denver and Miami with increases of 0.8%, 0.6% and 0.5%, respectively.

While New York and Washington D.C. showed solid recovery in home prices during the earlier phases of the housing market recovery, both are now among the weakest cities in the index.

Regional Home Price Indices

November 2016 - Composite 10		
Metropolitan Area	M-o-M % Δ	Y-o-Y % Δ
Denver	0.6%	8.7%
Miami	0.5%	6.1%
Las Vegas	0.3%	6.0%
San Diego	0.3%	5.8%
Los Angeles	0.2%	5.5%
Boston	0.4%	5.5%
San Francisco	(0.1%)	5.3%
Chicago	(0.8%)	4.0%
Washington D.C.	0.2%	3.7%
New York	0.4%	2.4%
Composite-10	0.2%	4.5%

November 2016 - Composite 20		
Metropolitan Area	M-o-M % Δ	Y-o-Y % Δ
Seattle	0.2%	10.4%
Portland	0.2%	10.1%
Denver	0.6%	8.7%
Tampa	0.8%	8.1%
Dallas	0.2%	8.1%
Detroit	(0.1%)	6.6%
Atlanta	0.0%	6.1%
Miami	0.5%	6.1%
Las Vegas	0.3%	6.0%
Charlotte	0.3%	5.9%
San Diego	0.3%	5.8%
Los Angeles	0.2%	5.5%
Boston	0.4%	5.5%
Minneapolis	0.1%	5.5%
Phoenix	0.3%	5.2%
Chicago	(0.8%)	4.0%
Cleveland	0.0%	3.8%
Washington D.C.	0.2%	3.7%
New York	0.4%	2.4%
Composite-20	0.5%	5.6%

*The S&P CoreLogic / Case-Shiller Home Price Indices are calculated monthly using a three-month moving average and published with a two-month lag
 Monthly, Indexed to January 2000
 Source: S&P Dow Jones Indices LLC

Strong Remodeling Activity Anticipated in 2017

According to the LIRA*, home improvement spending increased 6.9% in Q4 2016 and is expected to increase 6.8% in Q1 2017. The rate of growth in home improvement is forecasted to remain relatively stable in 2017, at approximately 6.8% per quarter, according to the Joint Center for Housing Studies of Harvard University.

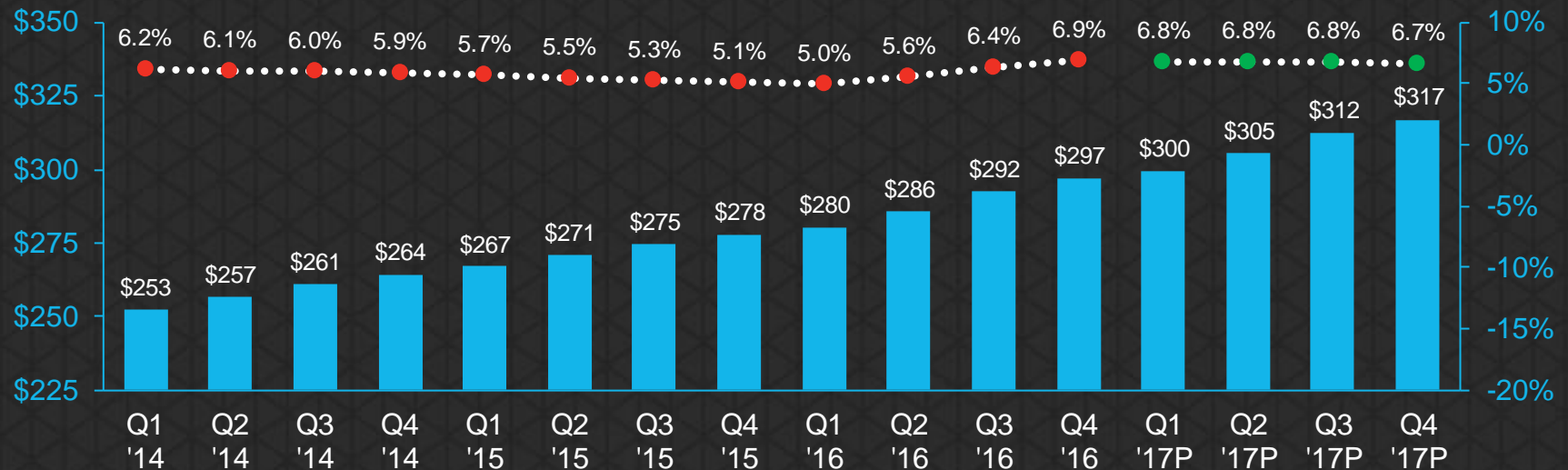
The expectation for another strong year for home improvements is likely due to the upward trajectory of home sales, continued growth in remodeling permit activity and an improving economy with steady job growth.

Leading Indicator of Remodeling Activity (LIRA*)

Homeowner Improvements and Repairs
Four-Quarter Moving Totals (\$s in billions)

●●● Historical Estimates ●●● LIRA Projections

Four-Quarter Moving Rate of Change



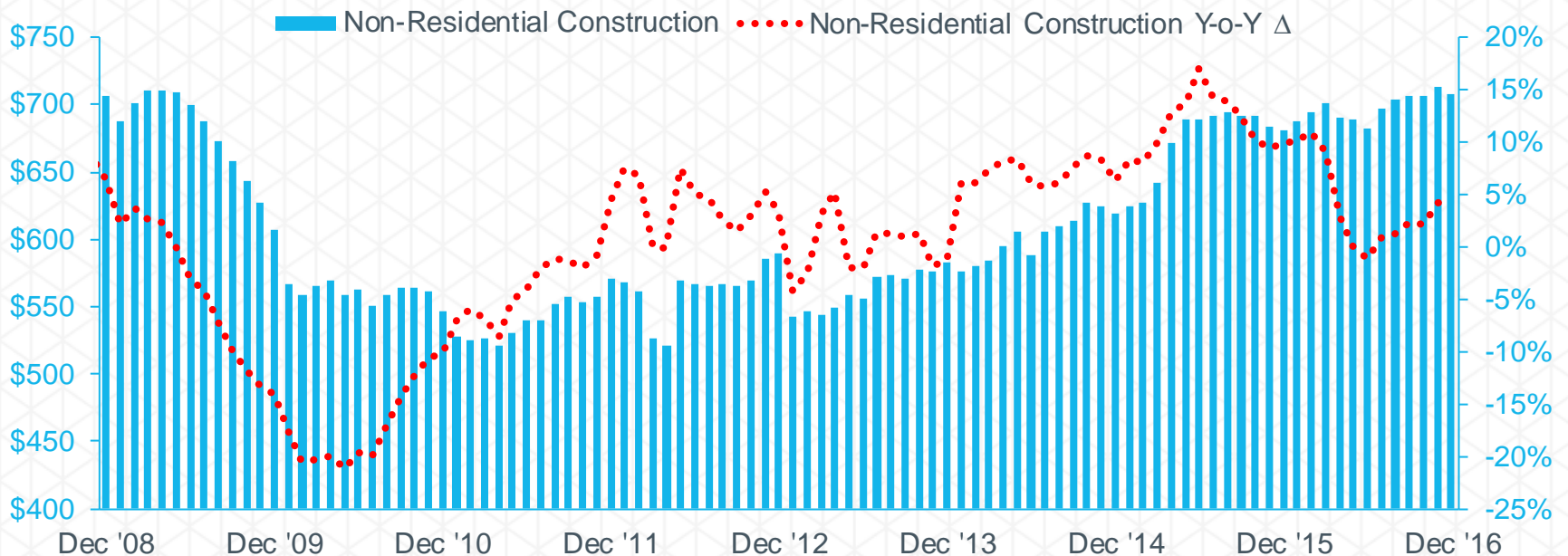
*The LIRA represents the estimated annual rate of change in spending for the current quarter and subsequent three quarters. This annual or moving four-quarter rate of change compares total spending in any given four-quarter period to the total spending that occurred in the four quarters prior to that period. *As of April 21, 2016, the LIRA has undergone a major re benchmarking and recalculation in order to better forecast a broader segment of the national residential remodeling market
Source: Joint Center for Housing Studies of Harvard University

Non-Residential Construction Up 7.8% in 2016

Non-residential construction spending was \$420.1 billion in 2016, 7.8% above the \$389.9 billion in 2015. In December, seasonally adjusted non-residential construction spending was up 4.0% over the same month a year ago.

Although sewage and waste disposal and manufacturing spending were down, the increase was driven by heavy spending in the office, lodging and commercial sectors.

Non-Residential Construction Put in Place (\$s in billions)

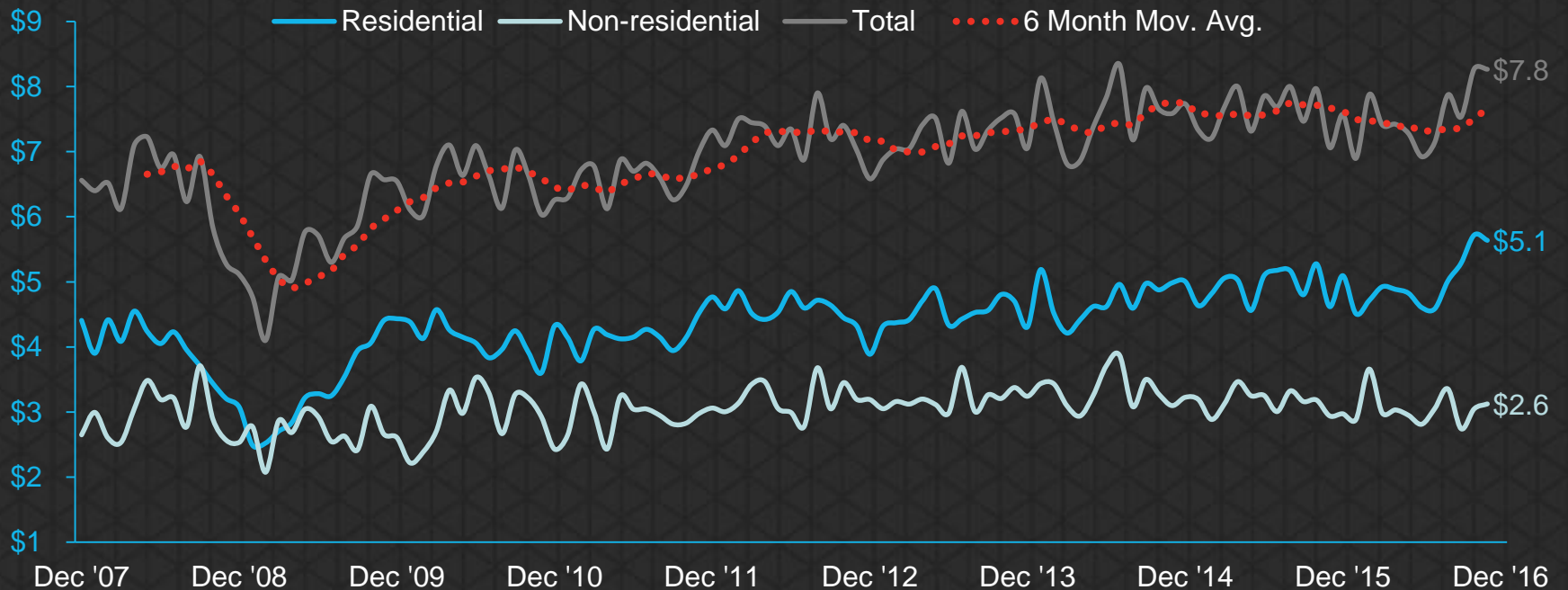


Seasonally Adjusted Annual Rate
Source: United States Census Bureau

Canadian Housing Market - Permits

Building permits issued by municipalities were down 0.1% to a seasonally adjusted rate of \$7.8 billion in November compared to the prior month and up 18% compared to the same month a year ago. Non-residential building permits were up 3.0% to a seasonally adjusted rate of \$2.6 billion in November compared to the prior month and up 8.0% compared to the same month a year ago. Residential building permits were down 1.6% to a seasonally adjusted rate of \$5.1 billion in November compared to the prior month, but were up 25% compared to the same month a year ago. The increase in the non-residential sector was due to higher construction intentions for educational facilities and nursing homes led by Quebec and Ontario. On the residential front, the gains in building permits issued in British Columbia were not sufficient to offset the decline posted in Alberta.

Authorized Building Permits (C\$ in billions)

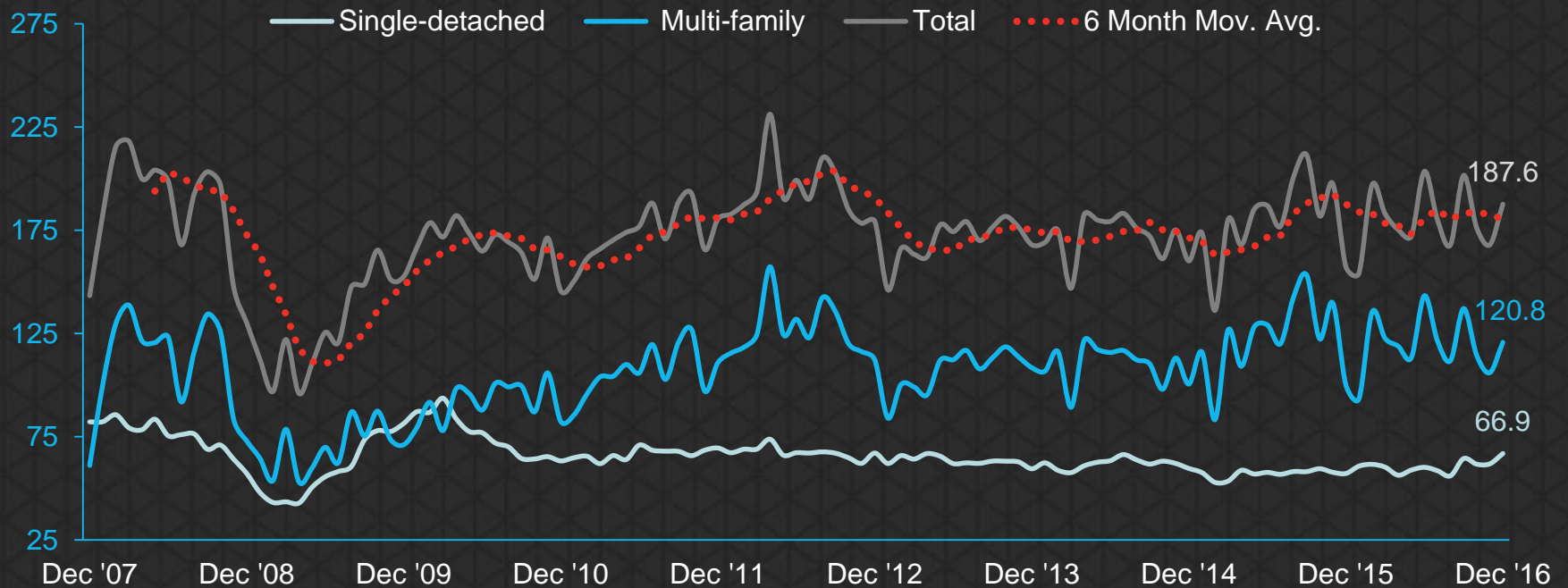


Seasonally Adjusted
Source: Statistics Canada

Canadian Housing Market - Starts

The trend measure of seasonally adjusted urban housing starts in Canada was up 11.8% in December to 187,621 units compared to 167,874 units in November. Following two consecutive monthly declines, in October and November, the rally in December reversed more than half of the negative trend from the preceding months. Multi-family urban starts increased by 13.9% in December compared to the previous month followed by the single-detached segment, which increased by 8.1%.

Housing Starts (Units in thousands)

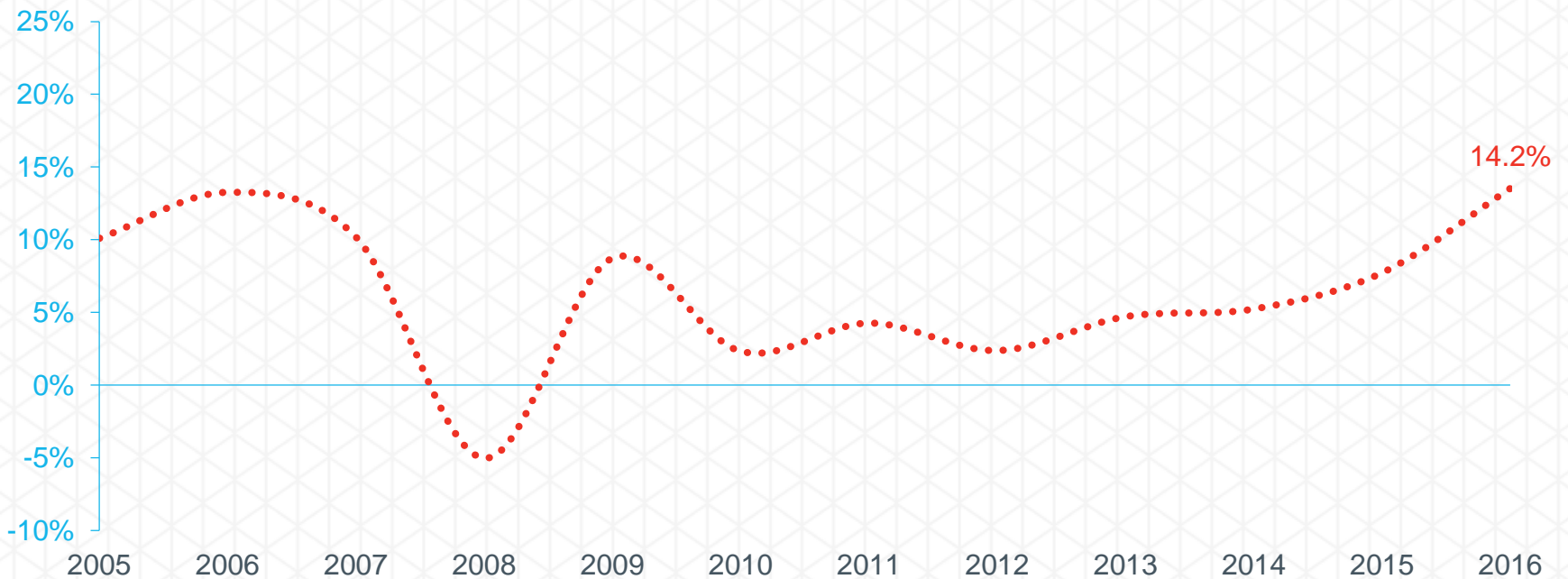


Seasonally adjusted annual rate, excluding rural dwellings
Source: Canada Mortgage and Housing Corporation

Canadian Housing Market - Existing Prices

The MLS Home Price Index (HPI) rose 14.2% year-over-year in December and by 0.1% over the previous month. Two-story, single-family home prices posted the largest year-over-year gain of 16.1% followed by town houses at 15.4%. However, year-over-year gains have been declining in recent months (y-o-y November: 14.4%; y-o-y October: 14.6%). This trend is mainly due to a decline in house prices in British Columbia driven by the Vancouver market where sales continue to plunge. According to the British Columbia Real Estate Association, residential unit sales in December were down 28.4% compared to the same month last year.

MLS HPI Benchmark Price (year-over-year % change)

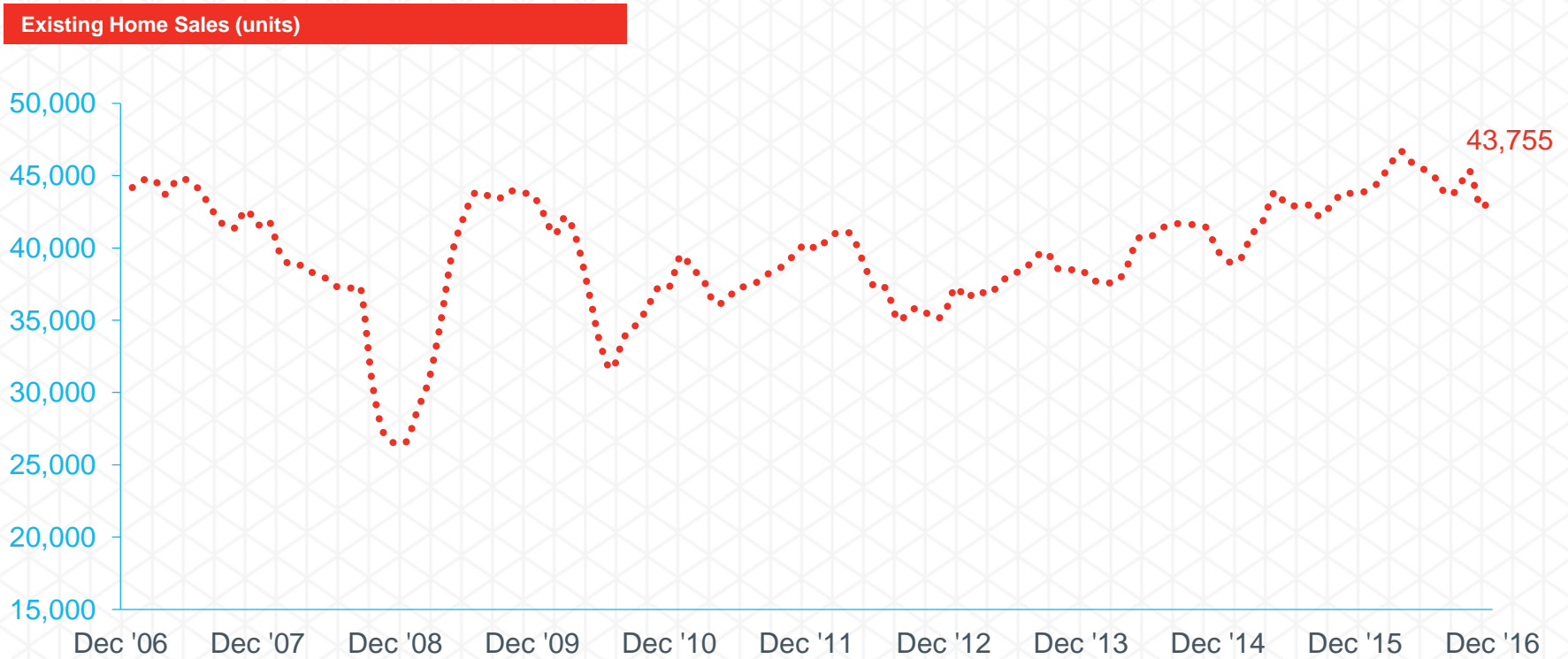


Source: CREA (Canadian Real Estate Association)

Canadian Housing Market – Existing Sales



The number of homes sold in Q3 and Q4 of 2016 rose by 2.3% compared to the same period in the prior year. Home resale activity was the highest in the month of October followed by a steep decline in November after tightened mortgage regulations were announced by the Canadian government. Home resale activity in December reversed part of this decline as sales rose by 2.2% in December over the previous month. According to the Canadian Real Estate Association, activity was up on a month-over-month basis in roughly 60% of all local markets, led by Calgary and Edmonton, where sales rallied following large declines in November.

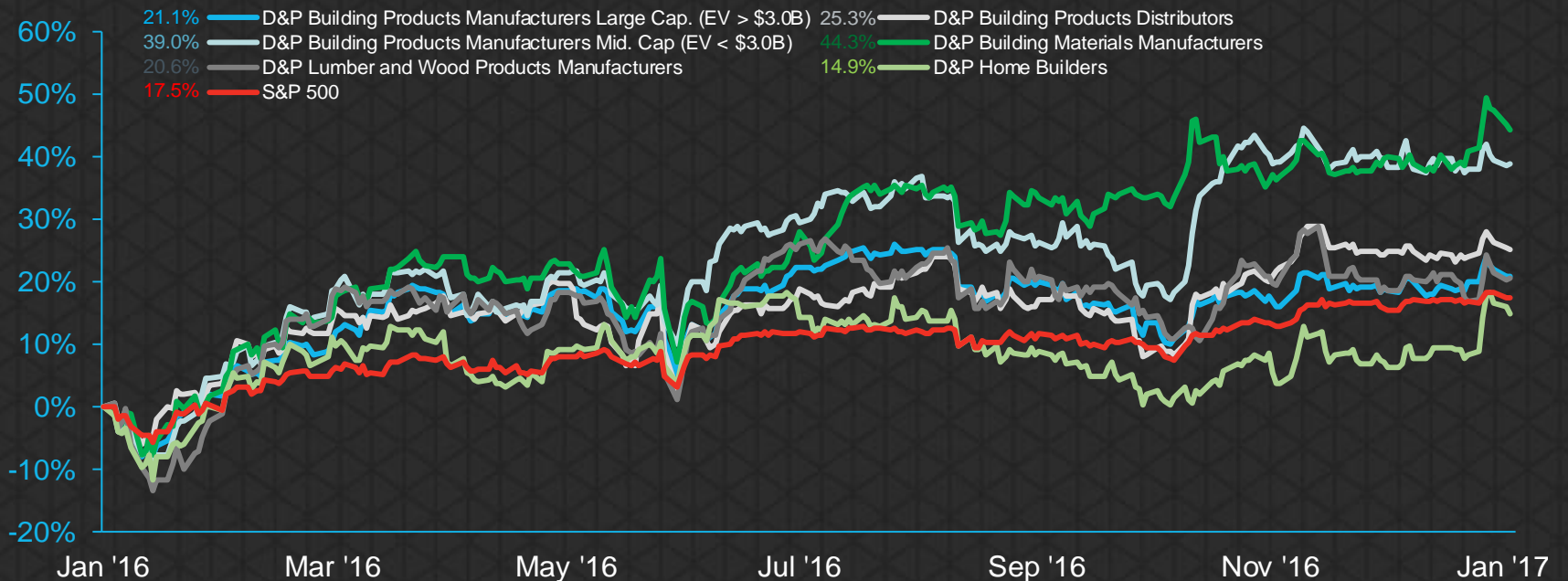


Source: CREA (Canadian Real Estate Association)

Public Company Valuations Post Strong Results

Over the past 12 months, the stock price indices for nearly all sectors of the building products and materials industry have outperformed the S&P 500. The only index that underperformed the S&P 500 was Home Builders. The index of Building Materials Manufacturers posted the largest gain followed by the index of Mid Cap Building Products Manufacturers.

Equity Market Performance



Source: Capital IQ as of January 31, 2017, and includes the most actively traded companies for respective covered sectors.

Public Companies Trading Statistics

Company	1/31/17 Stock Price	% of 52 Wk High	Market Value	Enterprise Value	Enterprise Value as a Multiple of						LTM	
					Revenue			EBITDA			EBITDA Margin	Revenue Growth
					LTM	2016E	2017E	LTM	2016E	2017E		
Building Products Manufacturers Large Cap. (EV > \$3.0B)												
Compagnie de Saint-Gobain S.A.	\$49.10	94.6%	\$27,210	\$34,747	0.80x	0.84x	0.80x	7.9x	8.3x	7.5x	10.1%	0.1%
Masco Corporation	\$32.95	88.2%	\$10,818	\$12,780	1.75x	1.74x	1.66x	10.7x	10.4x	9.6x	16.3%	3.1%
Fortune Brands Home & Security, Inc.	\$55.13	85.5%	\$8,507	\$9,688	1.94x	1.94x	1.81x	12.5x	12.4x	11.0x	15.6%	8.9%
Acuity Brands, Inc.	\$207.23	73.8%	\$9,137	\$9,042	2.65x	2.73x	2.49x	15.4x	14.8x	13.2x	17.2%	21.8%
Owens Corning	\$55.25	94.1%	\$6,261	\$8,357	1.49x	1.49x	1.45x	8.0x	8.0x	7.7x	18.6%	5.5%
Lennox International Inc.	\$156.81	95.3%	\$6,750	\$7,759	2.13x	2.14x	2.05x	15.4x	14.8x	13.2x	13.8%	5.0%
James Hardie Industries plc	\$15.67	89.6%	\$6,910	\$7,462	4.01x	4.32x	3.92x	16.6x	17.2x	16.8x	24.2%	9.4%
USG Corporation	\$30.59	94.8%	\$4,469	\$5,710	1.89x	1.84x	1.86x	10.6x	8.9x	8.9x	17.8%	(20.1)%
	Median	91.9%			1.92x	1.89x	1.83x	11.6x	11.4x	10.3x	16.8%	5.3%
	Mean	89.5%			2.08x	2.13x	2.00x	12.1x	11.9x	11.0x	16.7%	4.2%
Building Products Manufacturers Mid. Cap. (EV < \$3.0B)												
Armstrong World Industries, Inc.	\$39.95	82.1%	\$2,205	\$2,940	1.21x	2.37x	2.31x	10.1x	9.2x	8.7x	12.0%	59.2%
Masonite International Corporation	\$66.60	91.5%	\$1,997	\$2,434	1.23x	1.23x	1.16x	10.8x	9.7x	8.4x	11.4%	7.8%
Headwaters Incorporated	\$23.17	96.6%	\$1,735	\$2,418	2.39x	2.45x	2.03x	14.1x	12.7x	10.0x	17.0%	10.7%
Ply Gem Holdings, Inc	\$16.15	94.7%	\$1,102	\$1,970	1.05x	1.04x	0.98x	8.7x	8.7x	7.7x	12.1%	1.1%
Griffon Corporation	\$25.45	93.7%	\$1,110	\$2,021	1.05x	1.04x	1.03x	11.1x	11.4x	10.9x	9.5%	(3.9)%
Trex Company, Inc.	\$67.73	93.8%	\$2,093	\$2,070	4.37x	4.34x	4.00x	18.4x	16.6x	14.6x	23.7%	11.2%
NCI Building Systems, Inc.	\$16.00	88.4%	\$1,134	\$1,473	0.87x	0.87x	0.83x	9.8x	8.9x	8.0x	8.9%	7.8%
Apogee Enterprises, Inc.	\$57.08	96.8%	\$1,635	\$1,573	1.48x	1.61x	1.44x	10.2x	12.2x	10.0x	14.5%	10.0%
Gibraltar Industries, Inc.	\$43.90	91.4%	\$1,374	\$1,411	1.33x	1.41x	1.38x	11.9x	11.9x	10.7x	11.2%	10.1%
American Woodmark Corporation	\$71.20	79.5%	\$1,157	\$967	0.99x	1.03x	0.95x	8.4x	8.9x	7.9x	11.8%	11.1%
Quanex Building Products Corporation	\$19.75	90.2%	\$676	\$920	0.99x	0.99x	1.02x	9.0x	8.4x	8.3x	11.1%	43.8%
	Median	91.5%			1.21x	1.23x	1.16x	10.2x	9.7x	8.7x	11.8%	10.1%
	Mean	90.8%			1.54x	1.67x	1.56x	11.1x	10.8x	9.6x	13.0%	15.4%

Definitions

EBITDA: Earnings Before Interest, Taxes, Depreciation, and Amortization

Enterprise Value: Market Capitalization + Total Debt + Preferred Equity + Minority Interest – Cash and Short-Term Investments

LTM: Last Twelve Months

Source: Capital IQ as of January 31, 2017, and includes the most actively traded companies for respective covered sectors.

Public Companies Trading Statistics

Company	1/31/17 Stock Price	% of 52 Wk High	Market Value	Enterprise Value	Enterprise Value as a Multiple of						LTM	
					Revenue			EBITDA			EBITDA Margin	Revenue Growth
					LTM	2016E	2017E	LTM	2016E	2017E		
Building Products Distributors												
Wolseley plc	\$61.67	97.2%	\$15,488	\$16,700	0.87x	0.88x	0.81x	12.1x	12.1x	11.0x	7.2%	8.2%
Watsco, Inc.	\$152.74	95.7%	\$4,984	\$5,435	1.29x	1.28x	1.23x	14.8x	15.1x	13.8x	8.7%	2.6%
Pool Corporation	\$105.56	97.8%	\$4,364	\$4,732	1.84x	1.85x	1.73x	17.0x	17.1x	15.6x	10.8%	8.8%
Beacon Roofing Supply, Inc.	\$43.77	88.7%	\$2,627	\$3,728	0.90x	0.88x	0.86x	10.2x	10.8x	9.8x	8.8%	43.4%
Builders FirstSource, Inc.	\$10.76	76.4%	\$1,185	\$3,123	0.49x	0.49x	0.46x	9.0x	8.4x	6.9x	5.5%	78.6%
Bluelinx Holdings Inc.	\$6.58	67.8%	\$59	\$433	0.23x	NA	NA	14.4x	NA	NA	1.6%	(1.9)%
CanWel Building Materials Group Ltd.	\$4.50	82.8%	\$275	\$399	0.55x	0.54x	0.50x	11.1x	10.4x	8.8x	4.9%	21.5%
Hardwoods Distribution Inc.	\$12.40	82.0%	\$264	\$341	0.65x	0.58x	0.44x	10.4x	9.9x	8.0x	6.2%	26.8%
Taiga Building Products Ltd.	\$0.77	90.9%	\$25	\$191	0.21x	NA	NA	6.3x	NA	NA	3.3%	(11.7)%
Huttig Building Products, Inc.	\$6.73	93.6%	\$171	\$239	0.34x	NA	NA	9.0x	NA	NA	3.7%	8.2%
Goodfellow Inc.	\$6.75	73.3%	\$57	\$139	0.33x	NA	NA	NA	NA	NA	NA	4.9%
	Median	88.7%			0.55x	0.88x	0.81x	10.8x	10.8x	9.8x	5.8%	8.2%
	Mean	86.0%			0.70x	0.93x	0.86x	11.4x	12.0x	10.6x	6.1%	17.2%
Building Materials Manufacturers												
LafargeHolcim Ltd	\$53.50	90.1%	\$32,468	\$53,210	2.01x	1.98x	2.05x	10.5x	9.6x	9.0x	19.1%	14.1%
CRH plc	\$34.80	93.6%	\$28,975	\$37,340	1.31x	1.26x	1.22x	11.4x	11.3x	10.0x	11.4%	14.7%
HeidelbergCement AG	\$96.25	94.5%	\$19,098	\$30,496	1.89x	1.81x	1.59x	10.8x	9.4x	8.1x	17.5%	7.0%
CEMEX, S.A.B. de C.V.	\$0.93	96.1%	\$13,019	\$27,935	2.29x	2.03x	2.00x	11.2x	10.1x	9.7x	20.5%	13.9%
Vulcan Materials Company	\$128.33	92.9%	\$16,979	\$18,828	NM	NM	4.70x	19.8x	18.7x	15.8x	26.4%	5.0%
Martin Marietta Materials, Inc.	\$229.60	94.1%	\$14,572	\$16,279	4.55x	4.55x	4.17x	17.1x	16.7x	14.7x	26.7%	9.4%
Eagle Materials Inc.	\$104.58	94.5%	\$5,063	\$5,359	4.52x	4.75x	4.49x	14.5x	14.8x	13.0x	31.2%	6.2%
Titan Cement Company S.A.	\$22.46	92.5%	\$1,763	\$2,652	1.58x	1.68x	1.59x	9.0x	9.3x	8.4x	17.5%	12.9%
U.S. Concrete, Inc.	\$65.50	93.0%	\$1,001	\$1,388	1.19x	1.18x	1.02x	9.5x	8.8x	7.0x	12.5%	19.8%
	Median	93.6%			1.95x	1.89x	2.00x	11.2x	10.1x	9.7x	19.1%	12.9%
	Mean	93.5%			2.42x	2.40x	2.54x	12.7x	12.1x	10.6x	20.3%	11.4%

Source: Capital IQ as of January 31, 2017, and includes the most actively traded companies for respective covered sectors.

Public Companies Trading Statistics

Company	1/31/17 Stock Price	% of 52 Wk High	Market Value	Enterprise Value	Enterprise Value as a Multiple of						LTM	
					Revenue			EBITDA			EBITDA Margin	Revenue Growth
					LTM	2016E	2017E	LTM	2016E	2017E		
Home Builders												
Lennar Corporation	\$44.65	90.0%	\$10,198	\$15,454	1.41x	1.42x	1.29x	11.5x	9.8x	9.0x	12.2%	15.6%
D.R. Horton, Inc.	\$29.91	86.5%	\$11,167	\$13,269	1.05x	1.10x	0.96x	8.8x	8.3x	7.2x	12.0%	15.6%
PulteGroup, Inc.	\$21.51	96.0%	\$7,114	\$9,857	1.29x	1.31x	1.11x	9.5x	9.3x	7.6x	13.5%	28.2%
Toll Brothers, Inc.	\$31.36	93.7%	\$5,093	\$8,241	1.59x	1.61x	1.45x	15.6x	9.5x	8.8x	10.2%	23.9%
NVR, Inc.	\$1,858.00	96.7%	\$6,862	\$7,082	1.21x	1.23x	1.07x	10.1x	10.7x	9.0x	12.1%	12.9%
KB Home	\$16.38	94.2%	\$1,393	\$3,442	0.96x	0.97x	0.85x	16.1x	9.8x	7.9x	5.9%	18.6%
Meritage Homes Corporation	\$36.75	89.2%	\$1,471	\$2,503	0.82x	0.82x	0.78x	10.9x	10.0x	9.8x	7.6%	17.9%
M.D.C. Holdings, Inc.	\$27.04	95.6%	\$1,392	\$2,154	0.93x	0.96x	0.82x	13.1x	10.4x	8.0x	7.1%	21.9%
Hovnanian Enterprises, Inc.	\$2.37	80.1%	\$347	\$2,064	0.75x	0.74x	0.86x	15.0x	9.8x	10.1x	5.0%	28.1%
Beazer Homes USA, Inc.	\$14.26	90.3%	\$460	\$1,563	0.86x	0.85x	0.82x	NM	10.3x	18.6x	1.9%	12.0%
M/I Homes, Inc.	\$25.14	94.2%	\$620	\$1,268	0.75x	0.74x	0.68x	10.3x	NA	NA	7.3%	19.2%
	Median	93.7%			0.96x	0.97x	0.86x	11.2x	9.8x	8.9x	7.6%	18.6%
	Mean	91.5%			1.06x	1.07x	0.97x	12.1x	9.8x	9.6x	8.6%	19.4%
Lumber and Wood Products Manufacturers												
Weyerhaeuser Co.	\$31.33	94.1%	\$23,437	\$31,490	4.93x	4.65x	4.49x	20.0x	18.8x	16.6x	24.6%	(9.5)%
Louisiana-Pacific Corporation	\$19.13	90.4%	\$2,721	\$2,993	1.39x	1.35x	1.20x	11.4x	8.9x	6.5x	12.2%	14.0%
West Fraser Timber Co. Ltd.	\$34.08	82.0%	\$2,677	\$2,981	0.90x	0.90x	0.80x	7.1x	6.3x	5.6x	12.7%	7.5%
Norbord Inc.	\$24.77	89.7%	\$2,126	\$2,803	1.59x	1.62x	1.43x	7.5x	7.6x	5.7x	21.1%	17.0%
Universal Forest Products, Inc.	\$101.71	91.7%	\$2,068	\$2,157	0.71x	0.70x	0.59x	10.7x	10.5x	8.7x	6.6%	6.3%
Canfor Corporation	\$10.82	76.6%	\$1,437	\$1,935	0.60x	0.61x	0.56x	5.3x	4.9x	4.8x	11.4%	13.7%
Boise Cascade Company	\$24.80	82.8%	\$951	\$1,402	0.36x	0.36x	0.34x	8.7x	8.7x	7.4x	4.1%	6.9%
	Median	89.7%			0.90x	0.90x	0.80x	8.7x	8.7x	6.5x	12.2%	7.5%
	Mean	86.8%			1.50x	1.46x	1.34x	10.1x	9.4x	7.9x	13.2%	8.0%

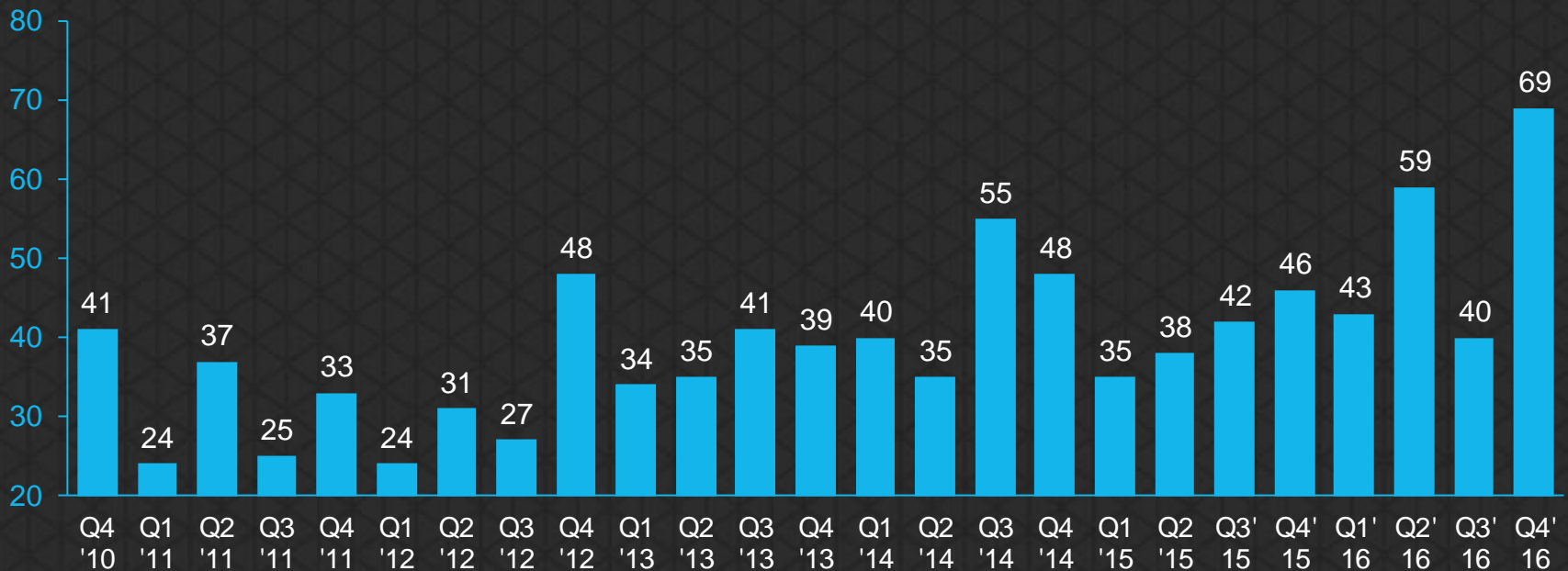
Source: Capital IQ as of January 31, 2017, and includes the most actively traded companies for respective covered sectors.

Quarterly M&A Activity Reaches Highest Level Since the Great Recession

M&A activity in the sector was strong in 2H 2016, particularly in the fourth quarter with 69 completed transactions involving target companies headquartered in the U.S. or Canada. This represents the highest level of quarterly M&A activity since the recession.

The surge in activity was driven by an increase in willing sellers and the strong acquisition appetite of private equity firms and strategics, particularly due to the abundance of debt and equity capital, low interest rates, and favorable housing market outlook.

Building Products and Materials M&A Trends



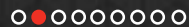
Note: Includes all transactions where the target is headquartered in the U.S. or Canada
Source: Capital IQ

Notable M&A Activity – 2H 2016



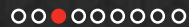
Date Announced	Target	Target Country	Acquiror	Target Business Description
Building Products Distributors				
Dec-16	Stetson Building Products, LLC	United States	Construction Supply Holdings, LLC	Distributes commercial building products
Dec-16	BJ Building Material Supply Company	United States	Beacon Roofing Supply, Inc.	Provides building materials and services to builders and contractors in the tri-state area
Dec-16	Plastics & Metals Enterprises Inc.	United States	Curbell Plastics, Inc.	Distributes plastic and metal sheets, rods, and tubing products
Dec-16	Delta Door and Hardware, LLC	United States	The Cook & Boardman Group, LLC	Distributes and installs commercial doors, frames, and hardware goods
Dec-16	Interior Products Supply	United States	GMS Inc.	Distributes interior building supplies for business operations
Dec-16	Metro Roofing Supplies, Inc.	United States	SRS Distribution, Inc.	Distributes building materials in the Tri-State area and New England
Nov-16	World and Main (Houston), LLC (nka:HDW Houston)	United States	Hardware Distribution Warehouses, Inc.	Distributor of hardware and building material products
Nov-16	Matic Industries Ltd.	Canada	Lawson Products, Inc.	Supplies fasteners, MRO equipment, and tooling products
Nov-16	Tri State Aluminum Products of Wisconsin, Inc.	United States	SRS Distribution, Inc.	Distributes residential roofing and accessories, siding, and windows
Nov-16	Northeast Wholesale Nail & Fastener Supply Co., Inc.	United States	PrimeSource Building Products, Inc.	Supplies building products to the independent lumber yards and STAFDA tool stores in the Northeast
Nov-16	Patriot Flooring Supply, Inc.	United States	Ponypic, LLC	Distributes pre-finished, un-finished, finished, and laminated hardwood and laminate flooring products
Nov-16	B.R. Johnson, Inc.	United States	Regional Brands, Inc.; Lorraine Capital LLC	Distributes windows, doors, and hardware for commercial and residential customers in New York
Nov-16	Trimlite Mfg. Inc.	Canada	TriWest Capital Partners; TriWest Capital Partners Fund V LP	Manufactures and distributes home building products
Oct-16	Mid-South Building Supply Inc.	United States	SRS Distribution, Inc.	Distributor of residential building products
Oct-16	Southland Flooring Supplies, Inc.	United States	Centre Lane Partners, LLC	Distributes commercial, residential and industrial floor covering and supplies for professional installers

Notable M&A Activity – 2H 2016



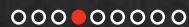
Date Announced	Target	Target Country	Acquiror	Target Business Description
Building Products Distributors (continued)				
Oct-16	Fullerton Lumber Co, Inc.	United States	Consolidated Lumber Company, LLC	Supplies lumber and building materials
Oct-16	Hawkeye Building Distributors Limited	United States	Guardian Building Products Inc.	Offers aluminum soffits and sidings, aluminum accessories, and steel sidings and accessories
Oct-16	RBC Tile & Stone, LLC	United States	Virginia Tile Company	Operates as a whole sale tile and stone distributor
Oct-16	Reliable Distributors, Inc.	United States	PRO Group, Inc.	Wholesale distributor group of hardware, lawn, and garden equipment
Oct-16	Taiga Building Products Ltd.	Canada	UPP Holdings Limited	Operates as a wholesale distributor of building products primarily in Canada and the United States
Sep-16	Fortiline LLC	United States	MORSCO Inc.	Distributes underground water, sewer, and storm utility products for installation in the United States
Sep-16	Olympia Building Supplies, LLC	United States	GMS Inc.	Distributes building products in South Florida and export markets
Aug-16	Steven Kempf Building Material Company	United States	GMS Inc.	Distributes building materials to professional building contractors in Pennsylvania, New Jersey, and Delaware
Aug-16	L&W Supply Corporation	United States	ABC Supply Co., Inc.	Distributes gypsum wallboards and building materials
Aug-16	Monroe Aluminum Products, Inc.	United States	SRS Distribution, Inc.	Supplies exterior building products to Southeast Michigan and Northern Ohio
Aug-16	Keene Lumber Company, Inc.	United States	Standard Companies, Inc.	Distributes building materials for residential and commercial markets
Jul-16	Louisville Plate Glass Company, Inc.	United States	Aldora Aluminum and Glass Products Inc.	Supplies architectural glass products for glazing, building material, and framing industries in the Midwest and South
Jul-16	JFH Corporation	United States	Richelieu Hardware Ltd.	Operates as a wholesale distributor of cabinet hardware and related products for businesses
Jul-16	RockWise, LLC	United States	GMS Inc.	Distributes building materials to customers in Arizona

Notable M&A Activity – 2H 2016



Date Announced	Target	Target Country	Acquiror	Target Business Description
Building Products Manufacturers				
Dec-16	Floors, Inc. and Malibu Acceptance Corp.	United States	Dunes Point Capital, LLC	Designs, installs, and retails floor coverings
Dec-16	Clad Rex, LLC	United States	Main Street Capital Corporation	Manufactures and supplies vinyl clad metal, and pre-painted steel and aluminum coils, sheets, and blanks
Dec-16	Applied Comfort Products Inc.	Canada	Carver Group Limited	Develops, manufactures, and services a range of packaged terminal air conditioners
Dec-16	Soft-Lite, LLC	United States	Harvey Industries, Inc.	Manufactures replacement windows and sliding patio doors in the industry
Dec-16	Tectum Inc.	United States	Armstrong World Industries, Inc.	Provides wood fiber acoustical panels to commercial, institutional, recreational, and industrial buildings
Dec-16	Sotawall Inc. (nka:Sotawall Limited)	Canada	Apogee Enterprises, Inc.	Designs, manufactures, and installs curtain wall systems for customers in Canada and the United States
Dec-16	Rmax Operating, LLC	United States	Sika AG	Manufactures and supplies polyiso insulation and specialty products for the OEM market
Dec-16	Gossen Corporation	United States	Inteplast Group, Ltd.	Manufactures cellular vinyl building products
Dec-16	TA Millwork LLC	United States	Wichita Cabinet Company, LLC	Manufactures and distributes wooden custom building components for residential and commercial applications
Dec-16	Mal Wal (nka:Mall Wall)	United States	The AmGraph Group	Manufactures modular barricades that are installed in shopping malls and retail stores throughout California
Nov-16	Headwaters Incorporated	United States	Boral Industries, Inc.	Provides products and services to building and construction materials sectors primarily in the United States and Canada
Nov-16	Bristol Fiberlite Industries, Inc. (nka:Kingspan Light & Air LLC)	United States	Kingspan Group plc	Manufactures industrial, retail, municipal, custom, and residential skylights
Nov-16	Premier Care, LLC	United States	Management Buyout	Provides safe bathing solutions for seniors, veterans, and those with limited mobility or people living with disabilities
Nov-16	Vortex Whirlpool Systems, Inc.	United States	LPI Inc.	Manufactures and distributes spas, swim spas, heaters, pumps, fitness and exercise equipment
Nov-16	Halex Corporation	United States	GCP Applied Technologies Inc.	Manufactures and sells flooring installation products

Notable M&A Activity – 2H 2016



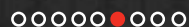
Date Announced	Target	Target Country	Acquiror	Target Business Description
Building Products Manufacturers (continued)				
Nov-16	Mesker Openings Group	United States	dormakaba Holding AG	Manufactures and markets doors and hardware products
Oct-16	Gravenhurst Plastics Ltd.	Canada	Industrial Opportunity Partners	Manufactures polyethylene pipes and tubing products
Oct-16	American De Rosa Lamparts, LLC	United States	Resilience Capital Partners LLC	Manufactures and distributes lighting solutions for residential and commercial customers
Oct-16	USFloors Inc	United States	Shaw Industries Group, Inc.	Manufactures flooring products
Oct-16	Granite Source Inc.	United States	Clio Holdings, LLC	Manufactures and markets granite tops
Oct-16	EdgeBuilder Wall Panels, Inc. and Glenbrook Lumber & Supply, Inc.	United States	ATRM Holdings, Inc.	Manufactures and markets wall panel systems
Oct-16	The Delaney Co.	United States	HCI Equity Partners	Manufactures residential and commercial door locks, builder's hardware, bath accessories, and door hinges
Sep-16	Midwest Plastics Products Inc.	United States	C & L Tiling, Inc.	Manufactures plastic drain tiles
Sep-16	Henry Company LLC	United States	American Securities	Researches and develops, and manufactures roof coatings, cements, and driveway maintenance products
Sep-16	US Impact Systems, Inc.	United States	CGI Windows & Doors, Inc.	Manufactures fabricated storefront window and door products
Aug-16	Southern Foam & Coating, Inc.	United States	United Subcontractors, Inc.	Provides soft foam insulation and air barrier material solutions
Aug-16	Riobel Inc and ROHL LLC	United States	Fortune Brands Home & Security, Inc.	Provides kitchen and bath products
Aug-16	Door Engineering and Manufacturing, LLC	United States	Senneca Holdings	Manufactures of industrial, commercial, fire rated, aviation, gating and security, and retrofit/add-on solutions
Aug-16	Krestmark Industries, L.P. and Crest Vinyl Extrusions, LLC and Legacy Vinyl Windows	United States	Headwaters Windows, LLC	Manufactures windows and patio doors
Jul-16	Concut, Inc.	United States	Dixie Diamond Manufacturing, Inc.	Manufactures and distributes diamond tools and equipment

Notable M&A Activity – 2H 2016

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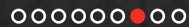
Date Announced	Target	Target Country	Acquiror	Target Business Description
Building Products Manufacturers (continued)				
Jul-16	American Builders & Contractors Supply Co., Everlast Polymeric Cladding System	United States	Chelsea Building Products, Inc.	Operates a building products company
Jul-16	Reilly Windows & Doors	United States	Pella Corporation	Fabricates and installs wood windows, doors, screens, and shutters for residential and commercial projects
Jul-16	Barnes Brothers Hardwood Flooring Mfg. (nka:Magnolia Flooring Mill LLC)	United States	Watson Lumber Company	Manufactures hardwood flooring and related products
Jul-16	Excalibur Extrusions, Inc., Plastic Pipe Division	United States	VIP Rubber Company, Inc.	Operates a plastic pipes manufacturing business
Jul-16	E. O. Wood Company Inc.	United States	Distribution International, Inc.	Manufactures and markets commercial, mechanical, and industrial insulation products
Jul-16	Nortek Inc.	United States	Melrose Industries	Manufactures products for remodeling and replacement as well as residential and commercial new construction
Jul-16	HySecurity Inc.	United States	Nice Group USA Inc.	Manufactures hydraulic gate operators for government facilities, computer centers, airports and other locations
Jul-16	Thermo Automation Canada Ltd	Canada	Convergint Technologies LLC	Develops, produces, and supplies systems that integrate heating, cooling, access control, ventilation, and security
Jul-16	Infinity Fabrics	United States	Twitchell Corporation	Manufactures Luxury Woven Vinyl (LWV) for indoor and outdoor use on various types of surfaces
Jul-16	Bebco Industries Inc.	United States	Parkline, Inc.	Designs, manufactures, and markets portable modular buildings for use in industrial environments

Notable M&A Activity – 2H 2016



Date Announced	Target	Target Country	Acquiror	Target Business Description
Lumber and Wood Manufacturers				
Dec-16	Contact Industries, Inc.	United States	Endura Products, Inc.	Manufactures veneer and film profile veneer wrapping, flat veneer lamination, and pre-finish technology solutions
Dec-16	Rochester Lumber Company	United States	William B. Morse Lumber Co.	Manufactures lumber, engineered wood, millwork, and other products for construction contractors
Dec-16	Rosboro LLC	United States	Wynnchurch Capital, LLC	Manufactures engineered wood products, plywood, and dimension lumber to the construction markets
Dec-16	Wells Wood Turning & Finishing, Inc.	United States	Individual Investors	Manufactures custom wood turning and finishing products
Dec-16	Marson & Marson Lumber, Inc.	United States	Tum-A-Lum Lumber Company	Supplies lumber, hardware, and building materials for builders and homeowners
Aug-16	Total Forest Industries Ltd.	Canada	CanWel Building Materials Group Ltd.	Manufactures and supplies pressure treated wood to independent lumber dealers

Notable M&A Activity – 2H 2016



Date Announced	Target	Target Country	Acquiror	Target Business Description
Building Materials Manufacturers				
Dec-16	Uroboros Glass Studios, Inc.	United States	Oceanside Glasstile Company	Manufactures glasstiles
Dec-16	ForzaStone, LLC	United States	Home Brands Group LLC	Manufactures lightweight thin stone panels and accessories for commercial and residential applications
Dec-16	Rockstar Acquisitions, LLC	United States	Paymeon, Inc.	Manufactures and markets reinforce concrete such as rebar
Dec-16	Rocla Concrete Tie, Inc.	United States	Vossloh AG	Manufactures and markets pre-stressed concrete railroad ties to freight and transit railroads
Nov-16	CEMEX, S.A.B. de C.V., U.S. Reinforced Concrete Pipe Manufacturing Business	United States	Quikrete Holdings, Inc.	Manufactures concrete pipes
Nov-16	Top Master, Inc.	United States	Clio Holdings, LLC	Produces and installs solid surface counter tops for homes and commercial projects
Nov-16	Guardian Industries Corp.	United States	Koch Industries, Inc.	Manufactures float glass and fabricated glass products for commercial, residential, and transportation applications
Nov-16	Highland Sand & Gravel, Inc.	United States	Progressive Green Solutions, Inc.	Operates a quarry that produces crushed stones, sand, and gravel for commercial and residential stone needs
Nov-16	Majestic Stone, Inc., Chattanooga Stone Center and Creative Stone Works, Inc.	United States	Alderman Holdings, LLC	Wholesales natural stone and material products
Nov-16	J.E. Berkowitz, LP	United States	Consolidated Glass Holdings, Inc.	Engages in processing, fabrication, and distribution of glass products in the United States and internationally
Oct-16	Stone Panels, Inc. (nka:Stone Panels International)	United States	Cold Spring Granite Company	Manufactures natural stone composite panels and stone veneers
Oct-16	Giant Cement Holding, Inc.	United States	Elementia, S.A.B. de C.V.	Manufactures and sells cement
Oct-16	CalX Minerals, LLC	United States	RMR Aggregates, Inc.	Sells limestone products
Oct-16	Elite Multifamily Interiors, LLC	United States	Republic Industries, Inc.	Manufactures granite, quartz, and marble surfaces for builders and property owners
Oct-16	ESSROC Canada, Inc.	Canada	Lehigh Hanson Materials Limited	Manufactures cement and related products

Notable M&A Activity – 2H 2016

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Date Announced	Target	Target Country	Acquiror	Target Business Description
Building Materials Manufacturers (continued)				
Oct-16	Low's Ready Mix, Inc.	United States	Clements Concrete Co	Provides concrete, grouts and flowable fills, sand, gravel and concrete products
Sep-16	Swenson Granite Company LLC	United States	Polycor Inc.	Engages in quarrying and cutting granite in New England
Sep-16	Cemex Construction Materials Atlantic, Fairborn Cement Plant and Related Assets	United States	Eagle Materials Inc.	Operates a plant that grinds clinker and a distribution terminal that includes bagging and distribution business
Sep-16	Precast Concepts, LLC	United States	Hanson Pipe & Precast LLC	Manufactures precast concrete products
Sep-16	J&G Concrete Operations, LLC	United States	Hanson Pipe & Precast LLC	Produces pipe and box culvert
Sep-16	Spar, Inc.	United States	Calderys USA Inc.	Operates a refractory company that specializes in monolithic refractories
Aug-16	C & A Paving Co., Inc.	United States	Clements Concrete Co	Manufactures asphalt and paving products
Aug-16	Plant and Eight Terminals in US	United States	Argos USA Corporation	Operates cement plants and terminals
Aug-16	Jenna Concrete Corporation	United States	U.S. Concrete, Inc.	Produces ready mix concrete

Notable M&A Activity – 2H 2016

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Date Announced	Target	Target Country	Acquiror	Target Business Description
Homebuilders				
Dec-16	EEB Systems LLC	United States	Enerdynamic Hybrid Technologies Corp.	Develops and manufactures modular housing projects
Nov-16	Doyle Mobile Homes, Inc.	United States	Clayton Homes, Inc.	Sells mobile homes in Maysville, Kentucky
Nov-16	Coleman Real Estate Holdings LLC	United States	Toll Brothers Inc.	Builds single-family homes and communities in California, Nevada, and Idaho
Nov-16	Summit Custom Homes, LLC	United States	Clayton Properties	Builds single family homes in Missouri and Kansas
Oct-16	Stanley Martin Communities, LLC	United States	Daiwa House USA Inc.	Operates as a private homebuilder
Oct-16	SBH Associates, Inc., Assets Relating to Custom Home Building Business	United States	Management Buyout	Builds homes in the United States
Sep-16	WCI Communities, Inc.	United States	Lennar Corporation	Operates as a lifestyle community developer and luxury homebuilder in Florida
Sep-16	Dream Builders, LLC and 4.5% stake in Dream Homes Ltd.	United States	The Virtual Learning Company, Inc.	Constructs and renovates residential properties
Sep-16	Wilson Parker Homes Inc.	United States	D.R. Horton, Inc.	Builds homes in the United States
Aug-16	Yes Communities, Inc.	United States	GIC Pte. Ltd.	Develops, sells, operates, and leases manufactured home communities to customers in the Southeast

Duff & Phelps' Ongoing and Recent Transactions

Sell Side Advisor
(On Going)

Manufacturer and distributor of residential and commercial carpet

Sell Side Advisor
(On Going)

Exclusive distributor of premium windows and doors for a well-branded manufacturer

Sell Side Advisor



a Hart Group, Inc. company, has been acquired by



Sell Side Advisor



has been acquired by



Sell Side Advisor



a portfolio company of



has been acquired by



Sell Side Advisor



has been acquired by



Sell Side Advisor



a portfolio company of



has been acquired by



Sell Side Advisor



has been acquired by



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