

INDUSTRY INSIGHTS:

Building Products and Materials

Third Quarter 2017



Highlights

The housing market remains strong with U.S. home prices hitting record highs, while new construction struggles to keep pace with demand.

Sales of new and existing homes reached the highest annual pace since 2007 because of a healthy economy, strong consumer confidence levels and declining mortgage rates.

Both housing starts and permits were up in the first half of 2017, and permits exceeded starts for four consecutive months — a trend not seen since late 2015.

Single-family starts led the gains as they were up 7.9% in the first half of 2017 compared to a 4.5% decline for multifamily starts.

The inventory of new and existing homes remained relatively unchanged from year-end, and both are below the normal supply level of six months.

Strong demand and low inventory levels continue to drive home prices higher in all markets, especially in Western cities such as Seattle, Portland and Denver.

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

Q3 2017 BY THE NUMBERS



5.6% y-o-y increase in the U.S. National Home Price Index



6.0% and 3.9% increase in building permits and housing starts, respectively



4.3 months supply of existing homes



10-year high in existing home sales while new home sales are up 10.9%



26% increase in Duff & Phelps' index of building materials manufacturers over the past 12 months

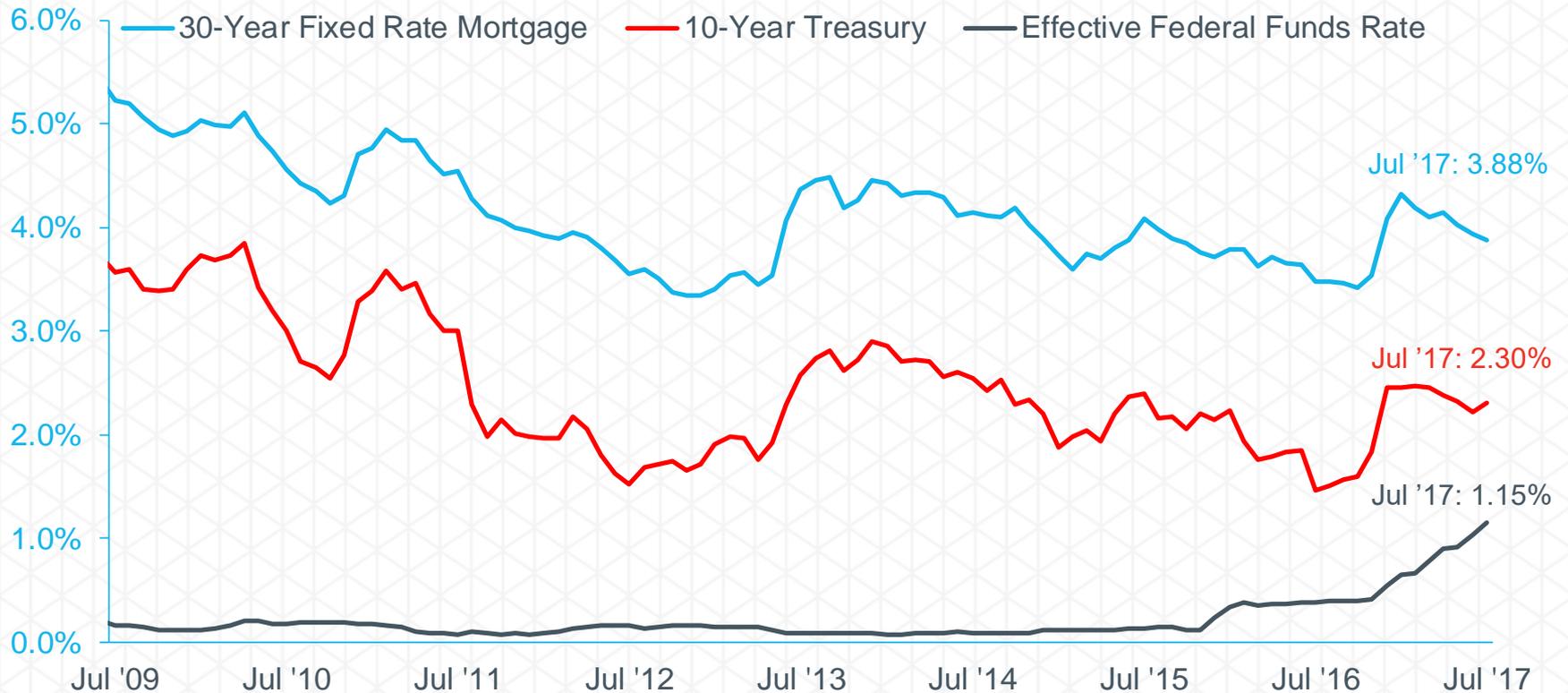
Table of Contents

- 4 Housing Indicators
- 6 Housing Starts Continue on an Upward Trend
- 8 Building Permits Exceed Housing Starts
- 10 New and Existing Home Sales Continue to Break Record Levels
- 12 U.S. Home Prices Hit Record Highs
- 14 Busy Remodeling Activity Through First Half of 2017
- 15 Nonresidential Construction Remains Flat
- 16 Canadian Housing Market – Permits and Starts
- 18 Canadian Housing Market – Existing Home Prices and Sales and Renovations
- 21 Public Company Valuations Continue to Climb
- 22 Public Companies' Trading Statistics
- 25 M&A Activity
- 33 Duff & Phelps' Ongoing and Recent Transactions

Housing Indicators.

After the sharp increase following the November election, the 30-year mortgage rate has steadily declined to 3.88%. The continuation of the low inflation environment has kept long-term interest rates low and subsequently led to the decline in mortgage rates. The low mortgage rates and strong housing activity have led to an increase in mortgage applications for new home purchases (up 10% year-over-year in June), while refinancing activity is down compared to last year as rates remain above those at the same time a year ago.

Key Interest Rates



Seasonally Adjusted

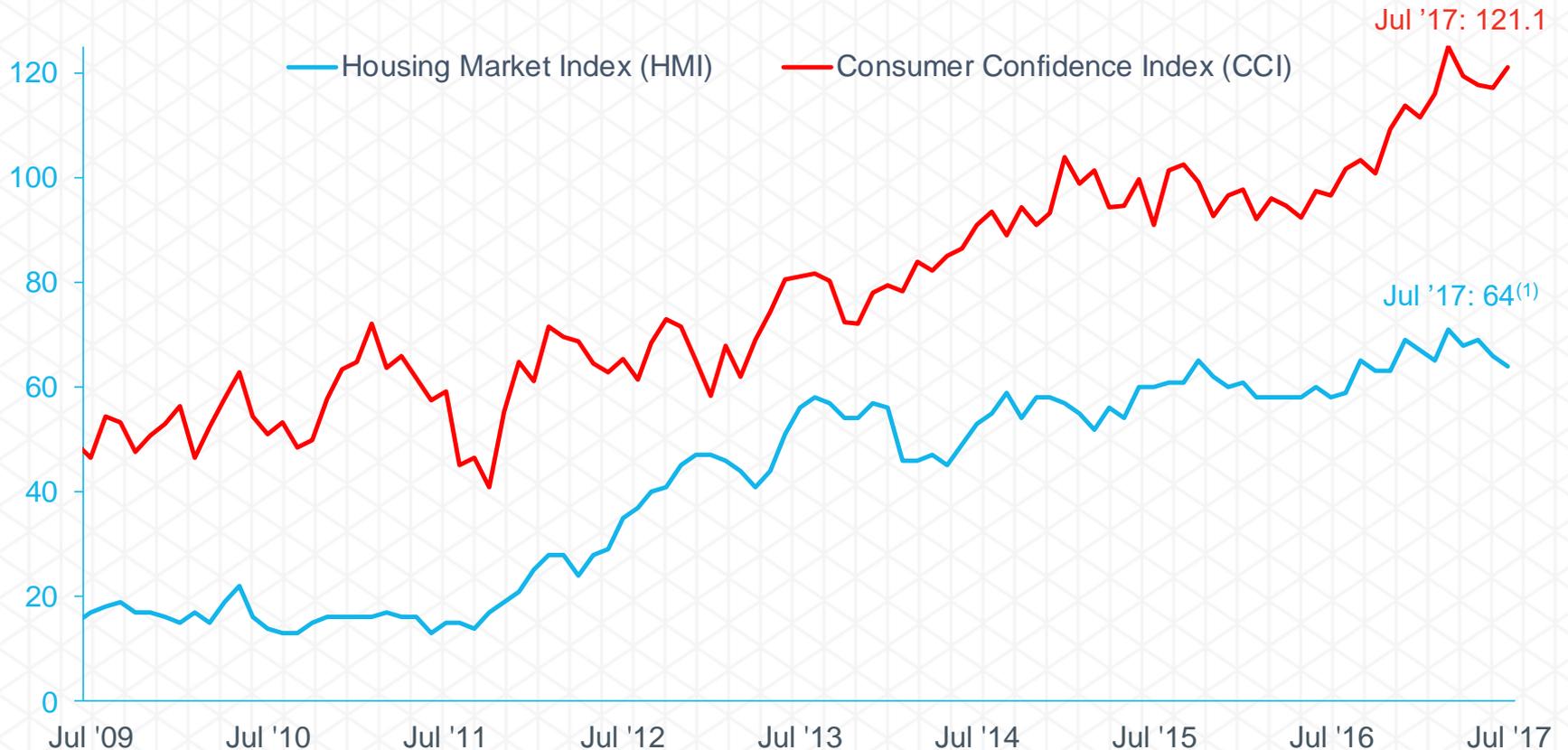
Source: Federal Reserve Bank of St. Louis, Economic Research (FRED), July 31, 2017

Housing Indicators

In March 2017, the Consumer Confidence Index reached its highest level since 2001 and then subsequently declined over the next three months before rising again in July to 121.1. The July CCI is up 25.2% from a year ago. A strong job market and a high consumer confidence level bodes well for home purchases and remodeling activity.

The Housing Market Index, a measure of builder confidence, dipped to 64 after a high of 71 in March — a level of optimism that has not been seen since 2005. It has now been above 50 for 37 consecutive months, indicating that builders remain bullish on the future of the housing market.

Key Housing Indicators



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

Housing Starts Continue on an Upward Trend ●●

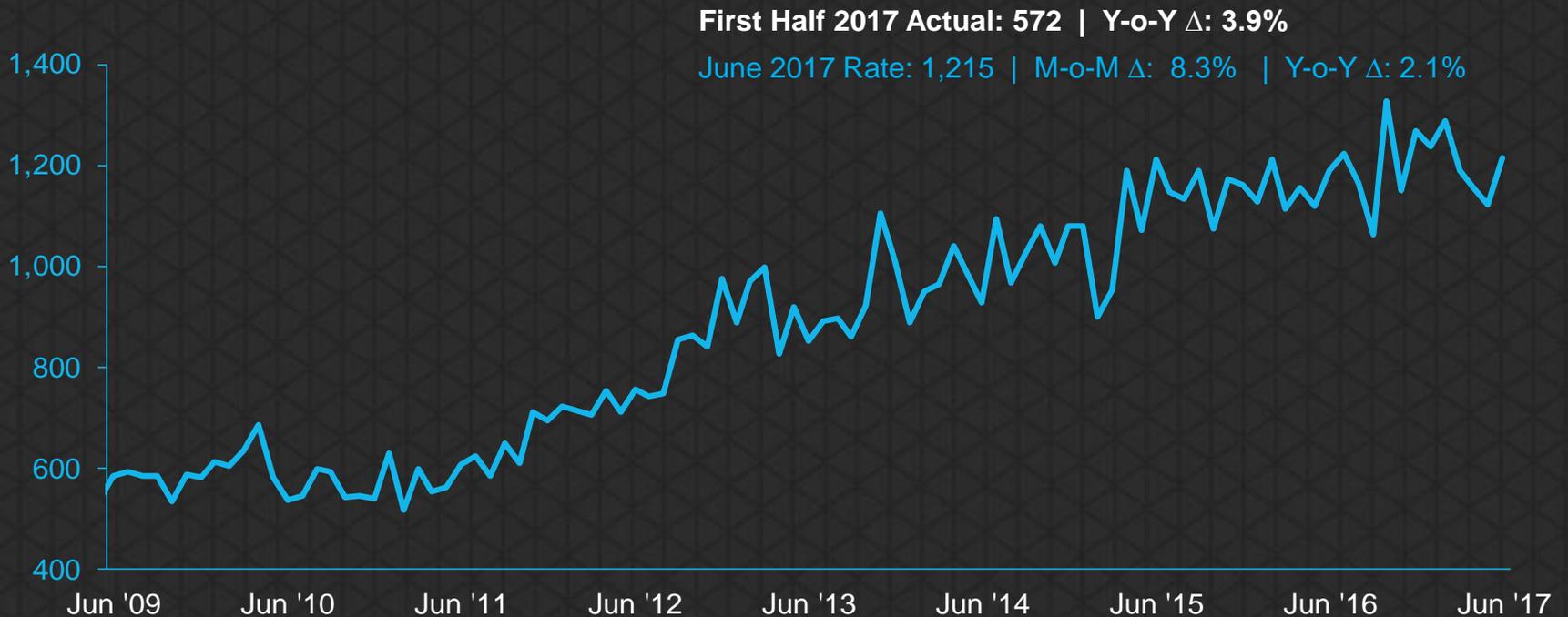
U.S. housing starts were up 3.9% in the first half of 2017 compared to the first half of last year. Housing starts have remained above the million mark for 27 consecutive months.

U.S. housing starts in June were at a seasonally adjusted rate of 1,215,000, which is up 8.3% compared to a month ago and up 2.1% from the same period a year ago.

The growth in housing starts is being driven primarily by the optimism of homebuilders and their desire to capitalize on strong buyer demand, low supply of existing homes and a migration of Millennials to the suburbs.

Single-family housing starts in June were at a rate of 849,000, which is 10.3% above the June 2016 figure, whereas June multifamily starts were 366,000, down 12.9% from last year.

National Housing Starts (thousands)

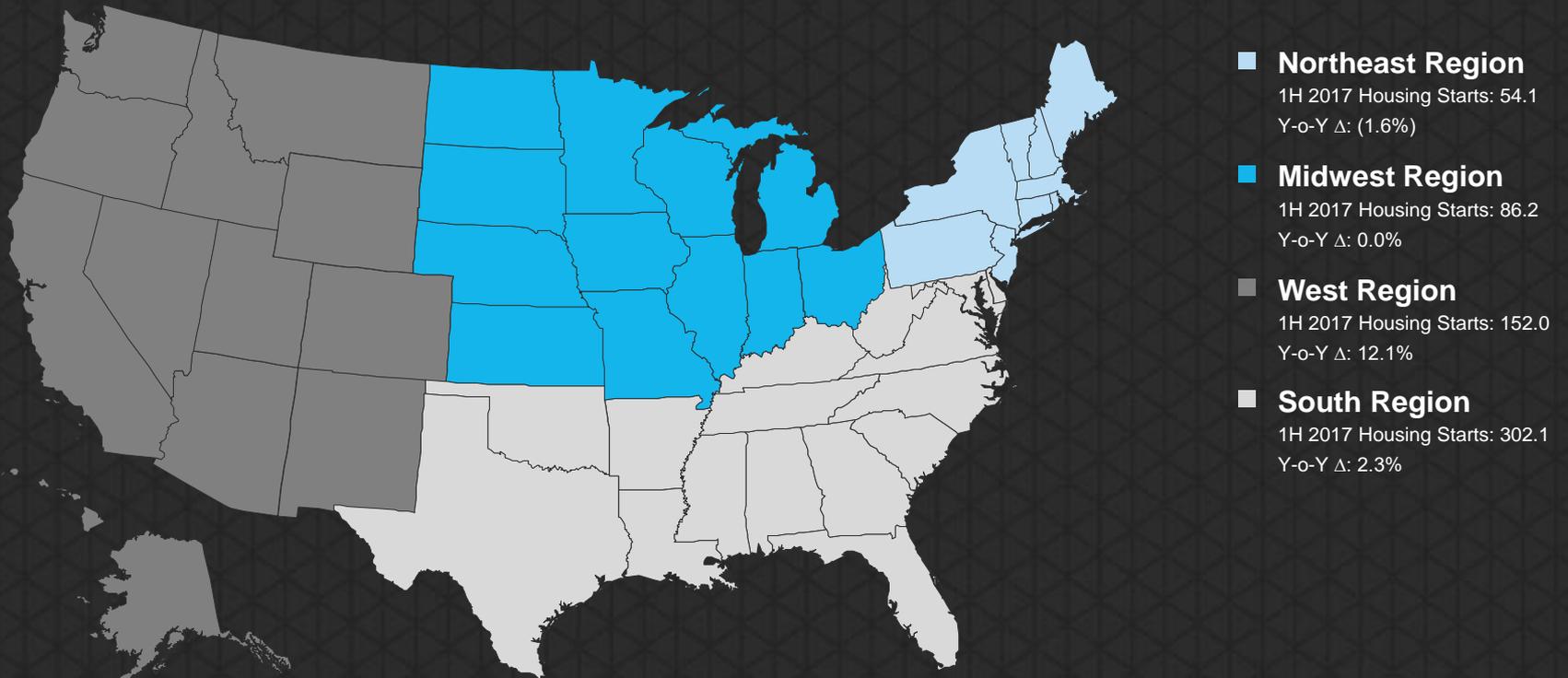


Housing Starts Continue on an Upward Trend ●●

In the first half of 2017, the West was the strongest performer with a 12.1% increase in housing starts due to large gains in both single-family and multifamily construction. Although the South experienced a sizeable gain in single-family homes, a decrease in multifamily starts limited the South's growth to 2.3%.

Midwest housing starts were roughly the same in the first half of 2017 as they were a year ago. Although the Northeast experienced another six months of declining housing starts, the region's housing starts soared 83.7% in June 2017 compared to the prior month.

Regional Housing Starts (thousands)



Building Permits Exceed Housing Starts

New applications for building permits, a bellwether for future construction, increased 7.4% month-over-month and 5.1% year-over-year in June to a seasonally adjusted annual rate of 1,254,000.

Building permits exceeded housing starts for the first six months of 2017. In total, an estimated 627,000 housing units were authorized by building permits in this time period, representing a 6.0% increase from the same period a year ago.

Permits for single-family homes rose 10.7% in the first half of 2017 compared to the first half of 2016, while permits for multifamily homes declined 2.2%.

National Building Permits (thousands)



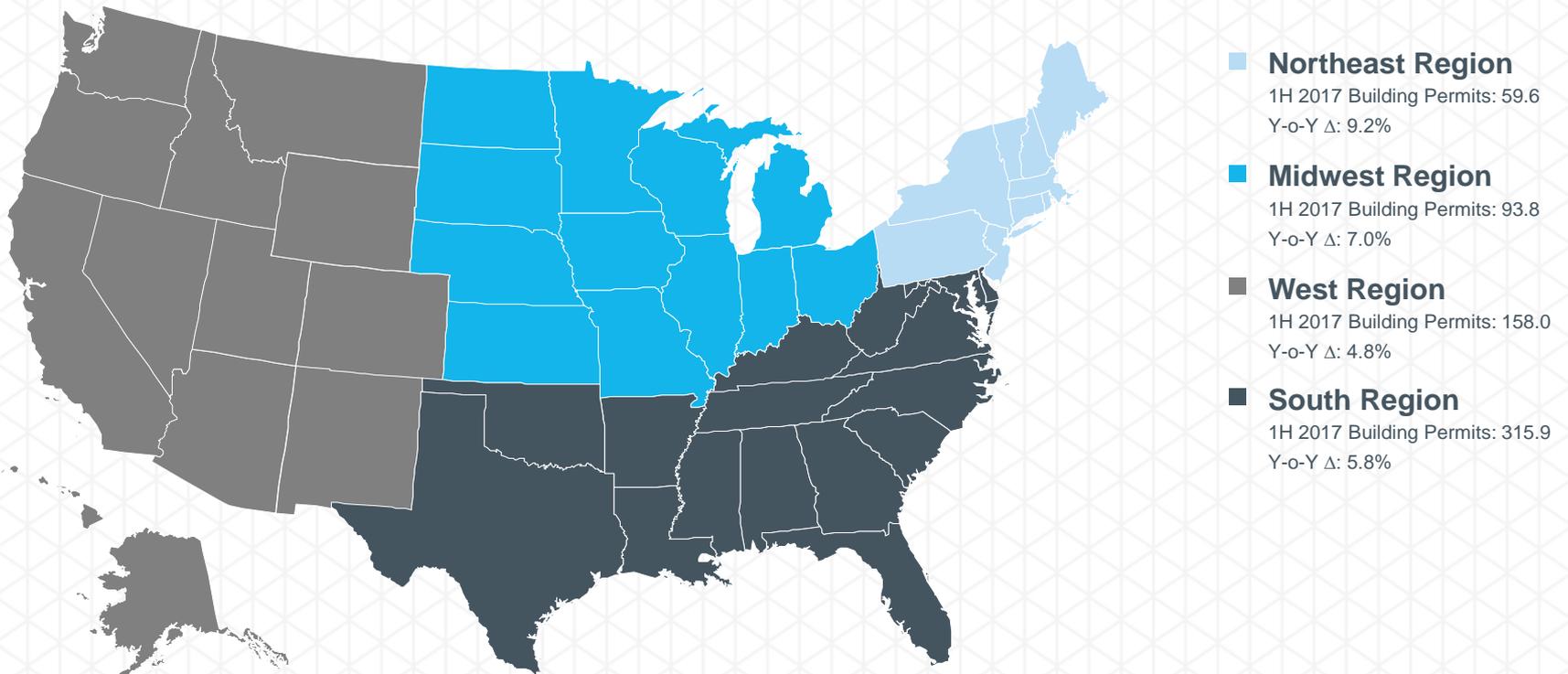
Building Permits Exceed Housing Starts

Each region of the United States posted increases in building permits in the first half of 2017 relative to a year ago. The increase was led by single-family permits, which offset a slight decline in multifamily permits.

The Northeast and Midwest regions performed the best in the country, recording 9.2% and 7.0% increases, respectively. Both regions saw an increase in single-family and multifamily home permits.

Housing permits were strong in the South and West as well, posting 5.8% and 4.8% increases, respectively. Both regions experienced a decline in multifamily permits, but an increase in single-family permits.

Regional Building Permits (thousands)



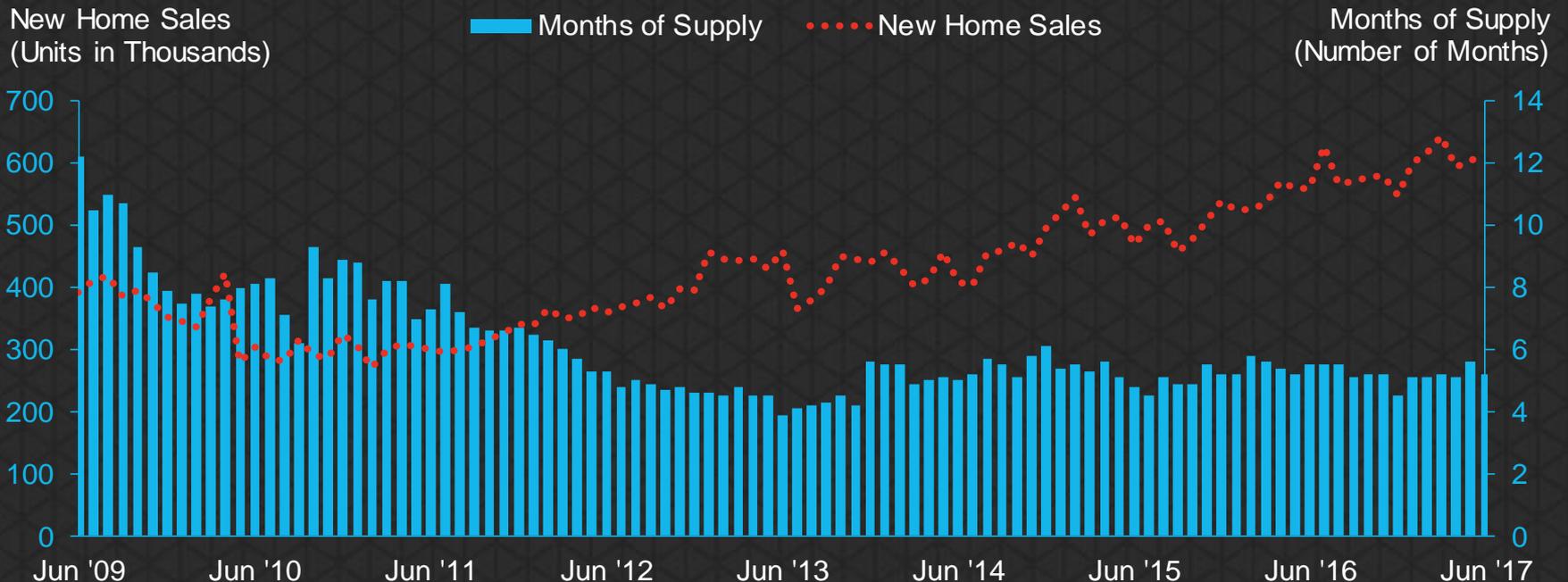
New and Existing Home Sales Continue to Break Record Levels ●●

An estimated 324,000 new homes were sold in the first six months of 2017, representing a 10.9% increase over the 1H 2016 figure of 292,000.

New home sales rose in June to a seasonally adjusted annual rate of 610,000, which was 0.8% and 9.1% higher than May 2017 and June 2016, respectively. The increase is believed to have been caused by falling mortgage rates and rising consumer confidence.

The seasonally adjusted estimate of new houses for sale at the end of June was at 272,000, up 11.9% from 243,000 in June 2016. The supply is 5.4 months at the current sales rate, compared to 5.2 months from a year ago.

New Home Sales and Supply



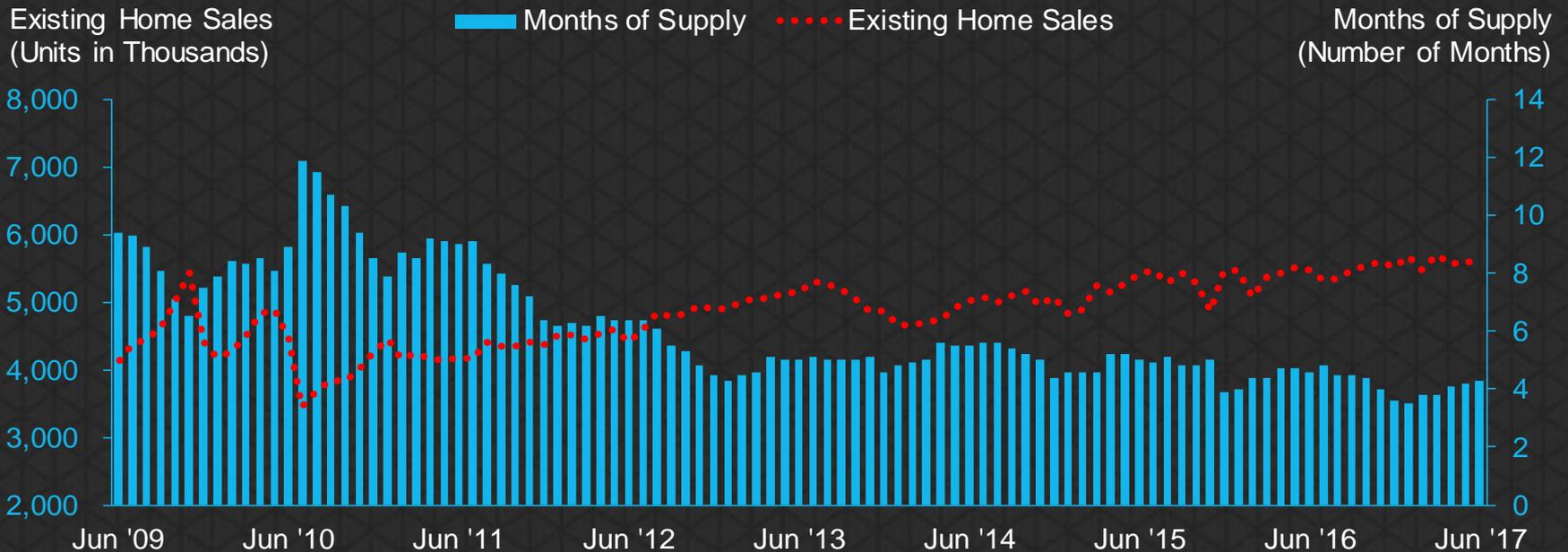
New Home Sales: Seasonally Adjusted Annual Rate
 Months Supply: Seasonally Adjusted at Current Sales Rates
 Source: U.S. Department of Commerce: Census Bureau

New and Existing Home Sales Continue to Break Record Levels ●●

Existing home sales reached 5,700,000 in March 2017, its highest level since February 2007. Since March, home sales have decreased to a seasonally adjusted annual rate of 5,520,000 in June 2017. Existing home sales have been relatively stable over the past year, only increasing by 0.2% from December 2016 and 0.7% from June 2016.

Existing home sales fell 1.8% (more than expected) in June as a shortage of supply pushed prices to record highs. The inventory of existing homes increased to 4.3 months in June, which is still a relatively low figure when a six-month supply is viewed as a healthy balance between supply and demand.

Existing Home Sales and Supply



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

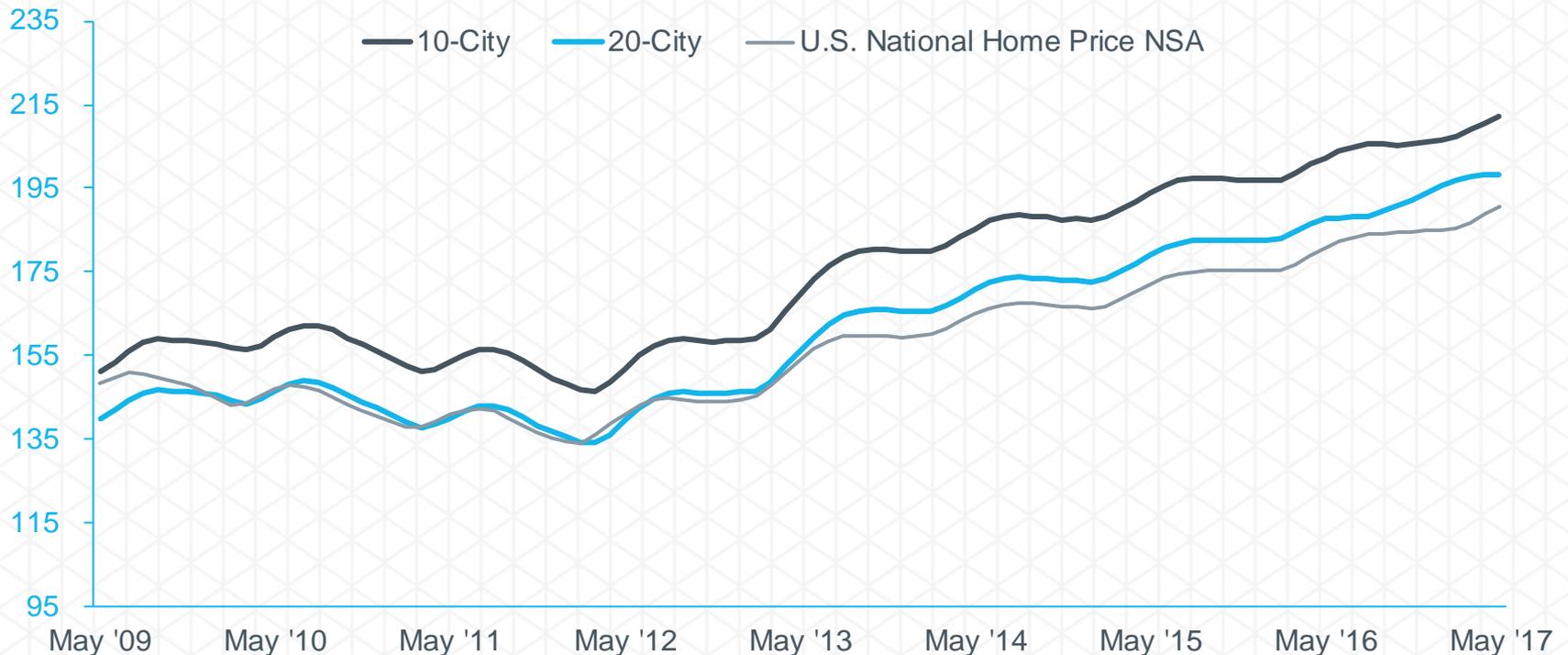
U.S. Home Prices Hit Record Highs

The U.S. National Home Price NSA Index was up 5.6% in May relative to a year ago as home prices continue to climb and outpace both inflation and wages. The index now exceeds the highest level ever recorded.

The 10-city home price index was up 4.9% in May relative to a year ago, while the 20-city home price index was up 5.7%. Both indices remain slightly below their highest level.

The small supply of homes for sale, currently at 4.3 months for existing homes, and slow pace of new home construction, higher than during the recession but still low, are the two largest factors influencing rising home prices. While supply remains low, demand continues to be strong.

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. Source: S&P Dow Jones Indices LLC

U.S. Home Prices Hit Record Highs

Seattle, Portland and Denver experienced the biggest year-over-year appreciation in home prices with increases of 13.3%, 8.9% and 7.9%, respectively.

The cities reporting the largest month-over-month increases in May were Seattle, Las Vegas and Boston with increases of 1.8%, 1.3% and 1.3%, respectively.

Three of the nation’s largest cities – Chicago, New York and Washington D.C. – have experienced the slowest growth in home prices relative to the rest of the country.

Regional Home Price Indices

May 2017 – Composite 10		
Metropolitan Area	M-o-M % Δ	Y-o-Y % Δ
Denver	0.9%	7.9%
Las Vegas	1.3%	6.9%
San Diego	1.0%	6.6%
Boston	1.3%	6.1%
Los Angeles	1.0%	5.6%
San Francisco	0.5%	5.4%
Miami	0.8%	5.3%
New York	0.1%	4.0%
Washington D.C.	1.0%	3.6%
Chicago	1.0%	3.3%
Composite-10	0.8%	4.9%

May 2017 – Composite 20		
Metropolitan Area	M-o-M % Δ	Y-o-Y % Δ
Seattle	1.8%	13.3%
Portland	1.3%	8.9%
Denver	0.9%	7.9%
Dallas	0.7%	7.8%
Detroit	1.0%	7.6%
Las Vegas	1.3%	6.9%
Tampa	1.1%	6.8%
San Diego	1.0%	6.6%
Boston	1.3%	6.1%
Charlotte	0.9%	6.1%
Phoenix	0.6%	5.7%
Minneapolis	1.0%	5.7%
Los Angeles	1.0%	5.6%
Atlanta	0.9%	5.5%
Miami	0.8%	5.3%
New York	0.1%	4.0%
Washington D.C.	1.0%	3.6%
Cleveland	1.3%	3.6%
Chicago	1.0%	3.3%
Composite-20	(0.0%)	5.7%

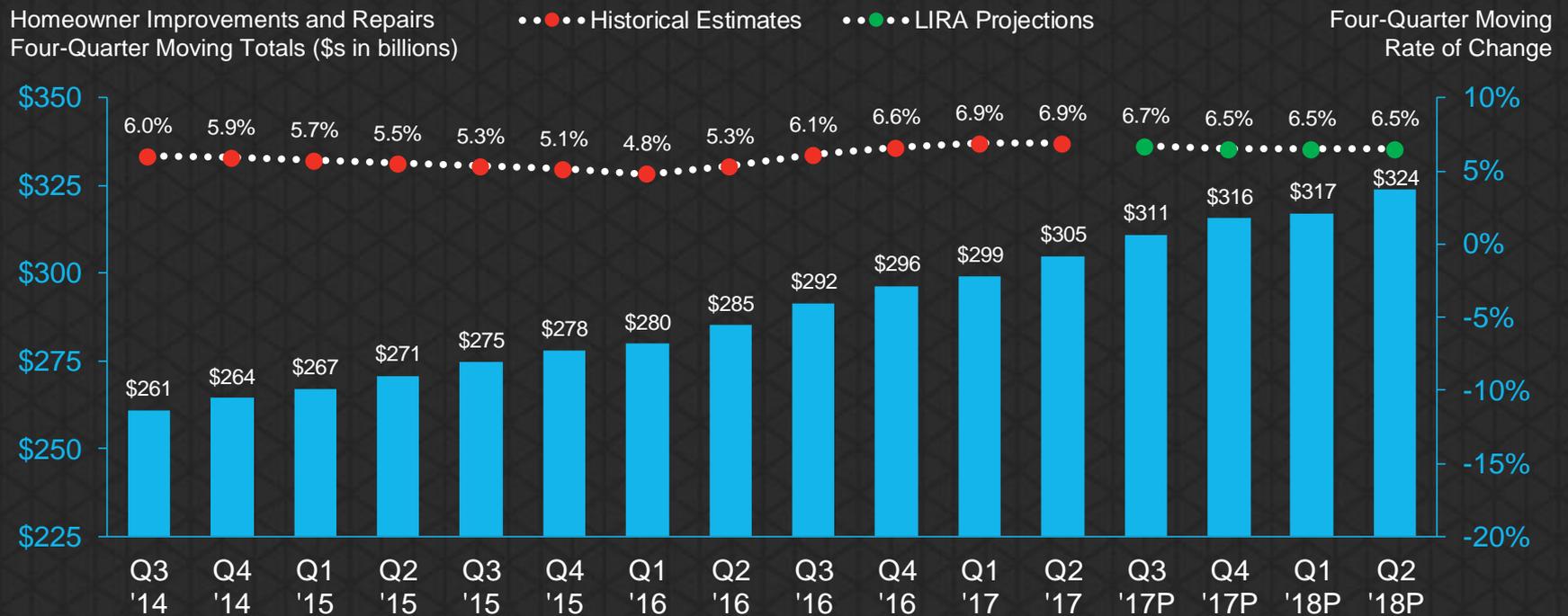
*The S&P CoreLogic/Case-Shiller Home Price Indices are calculated monthly using a three-month moving average and published with a two-month lag. Source: S&P Dow Jones Indices LLC

Busy Remodeling Activity Through First Half of 2017

According to the LIRA*, home improvement spending increased 6.9% in Q2 2017 and is expected to increase 6.7% in Q3 2017. The rate of growth in home improvement is forecasted to remain relatively stable in 2017 and 2018, at approximately 6.5% 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 continued strength of the housing market and consumer confidence, a consistent flow of remodeling permit activity and stable macroeconomic factors.

Leading Indicator of Remodeling Activity (LIRA*)



*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 rebenchmarking and recalculation in order to better forecast a broader segment of the national residential remodeling market.

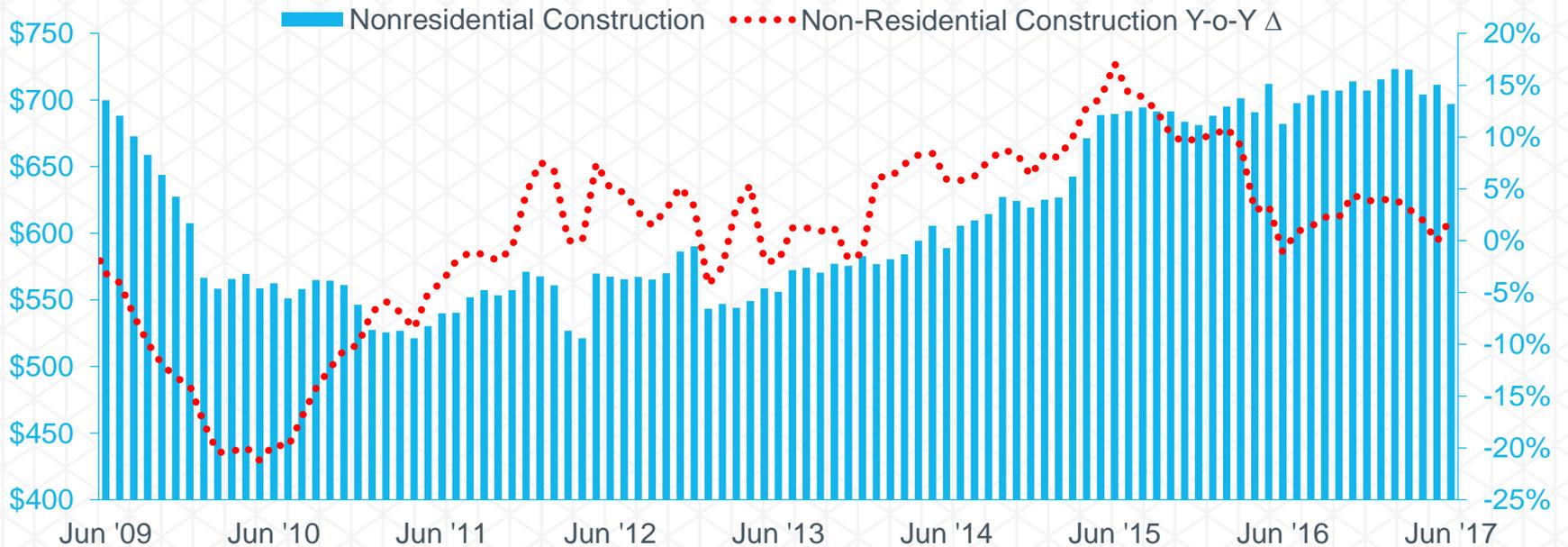
Source: Joint Center for Housing Studies of Harvard University

Nonresidential Construction Remains Flat

In the first half of 2017, there was \$333.2 billion of nonresidential construction spending, 0.6% above the same time period a year ago. In June, seasonally adjusted nonresidential construction spending was down 3.1% over the same month a year ago.

The slight uptick in the first half of 2017 was driven by heavy spending in the office, commercial and amusement and recreation sectors. Sewage and waste disposal, water supply and conservation and development spending were all down over 10% in 1H 2017.

Nonresidential Construction Put in Place (\$s in billions)



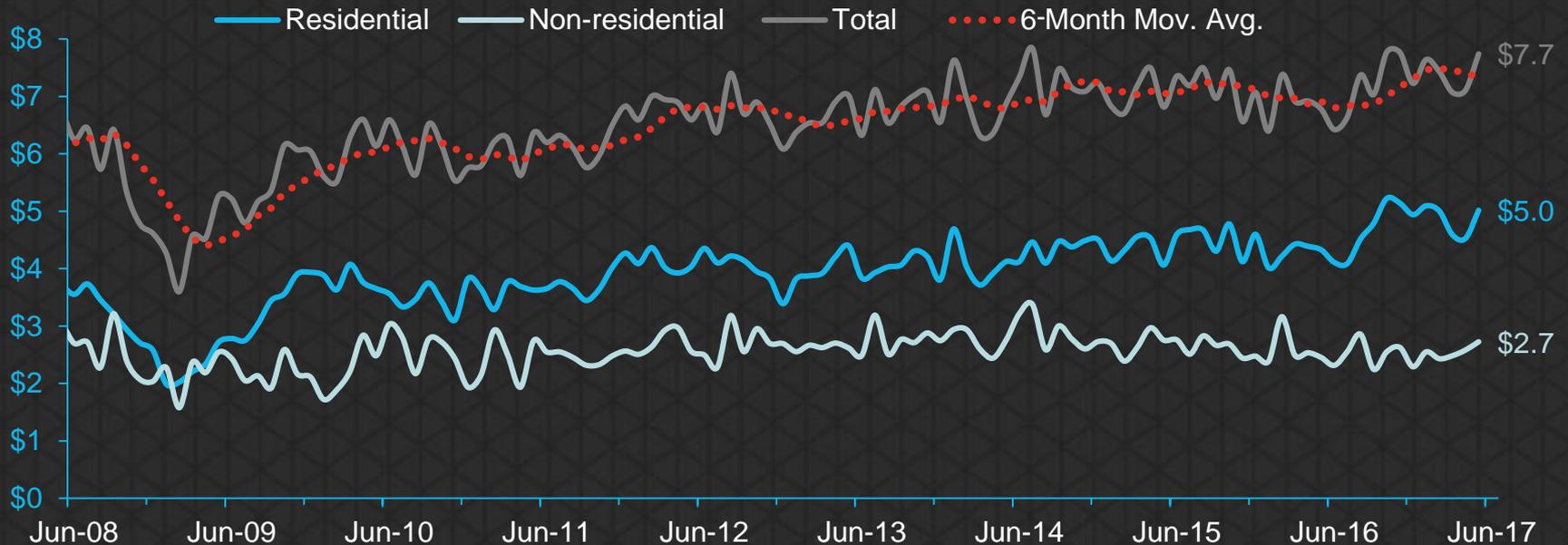
Seasonally Adjusted Annual Rate
Source: U.S. Census Bureau

Canadian Housing Market - Permits

Seasonally adjusted new building permit applications were at 7.7 billion in May, which is 7.1% higher than in December 2016 and 14.2% higher than May 2016. The rise in permits was led by a significant increase in both residential and nonresidential building activity.

Residential permits increased 1.6% year-to-date May 2017 and 15.9% compared to last year. Nonresidential building activity showed continued growth as well with permits up by 19% since the beginning of this year and 11.2% when compared year-over-year. Increased permits from the industrial and commercial sector helped to offset a decrease in institutional and governmental permits.

Authorized Building Permits (C\$ in billions)

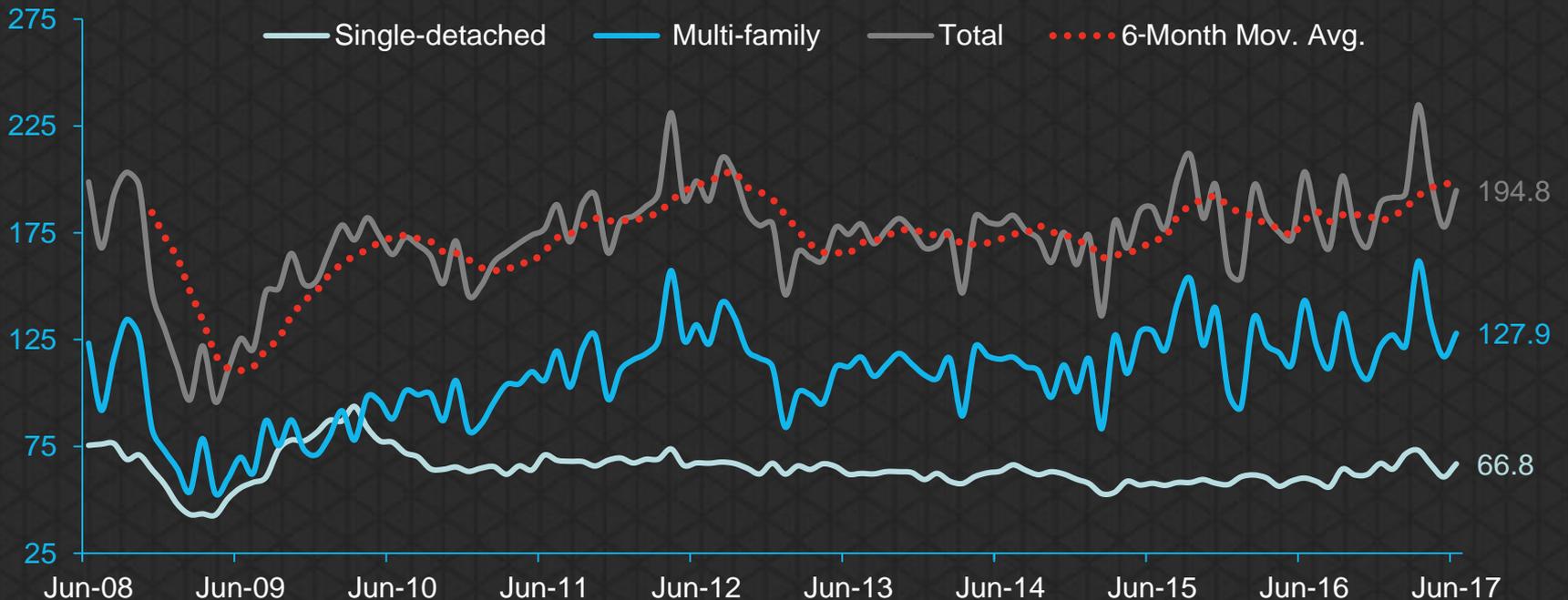


Seasonally Adjusted
Source: Statistics Canada

Canadian Housing Market - Starts

The trend measure of seasonally adjusted urban housing starts in Canada in June 2017 was down 4.3% year over year. After a strong rally between December 2016 and March 2017, the housing market softened during the second quarter of the year as the federal plus various provincial and municipal governments introduced measures to cool the market. Housing starts fell by 7.8% in Q2 of 2017 compared to the previous quarter. Single-detached housing starts showed a 11% increase year-over-year while multifamily housing starts dropped by 10.7%, predominately because of decreases in apartment and semidetached units, which were slightly offset by a 14.2% increase in row housing starts.

Housing Starts (Units in thousands)



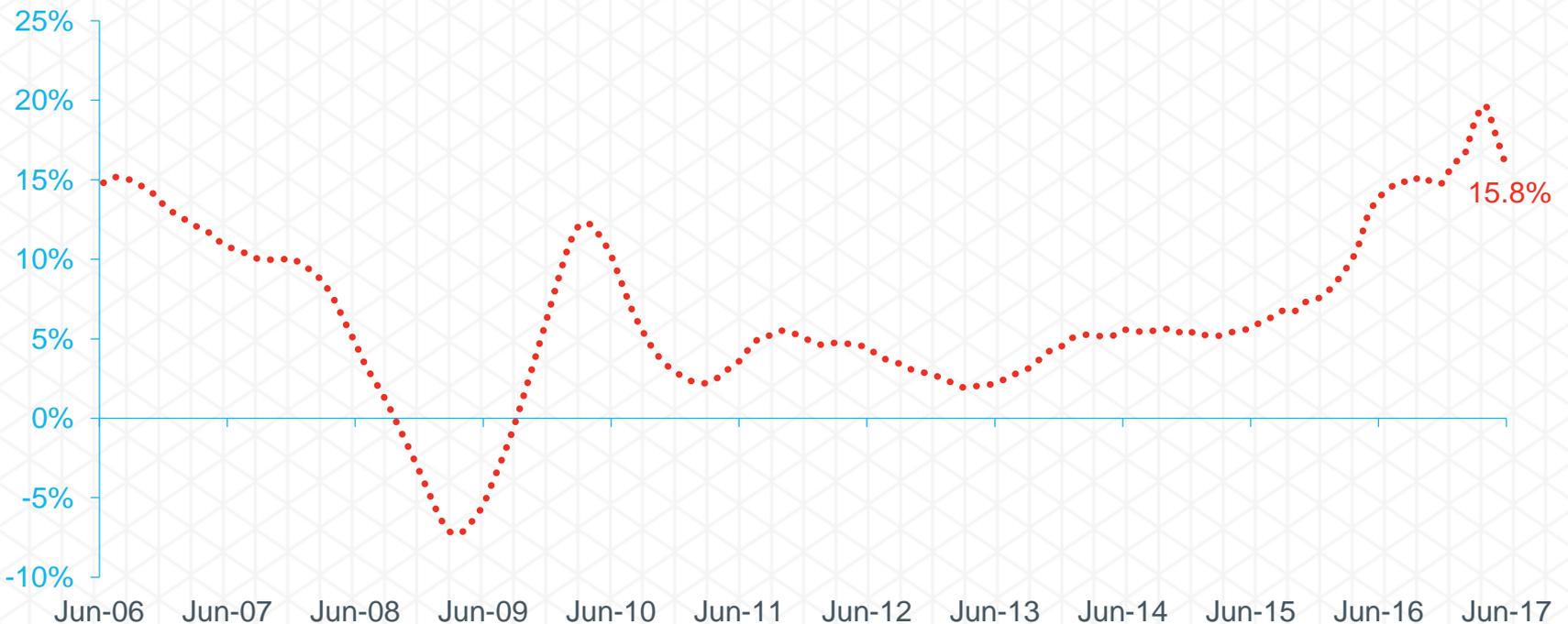
Seasonally adjusted annual rate, excluding rural dwellings
Source: Canada Mortgage and Housing Corporation

Canadian Housing Market - Existing Prices



The MLS Home Price Index (HPI) rose 15.8% year-over-year in June. Posting the strongest price gains were apartments with a 20.4% growth rate over the previous year followed by townhouses, which increased by 17.4% over the same period. Despite double-digit growth year-over-year, housing prices have seen downward pressure over the past few months. Policies are being introduced by various levels of government to restrain the rapidly increasing housing market. Accordingly, it is anticipated that downward pressure on housing prices will likely continue, at least over the short term. With inventory turnover, nationally, increasing by a full month in Q2 2017 (and reaching the highest level since January 2015) to 5.1 months, supply is beginning to outgrow demand in the market.

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



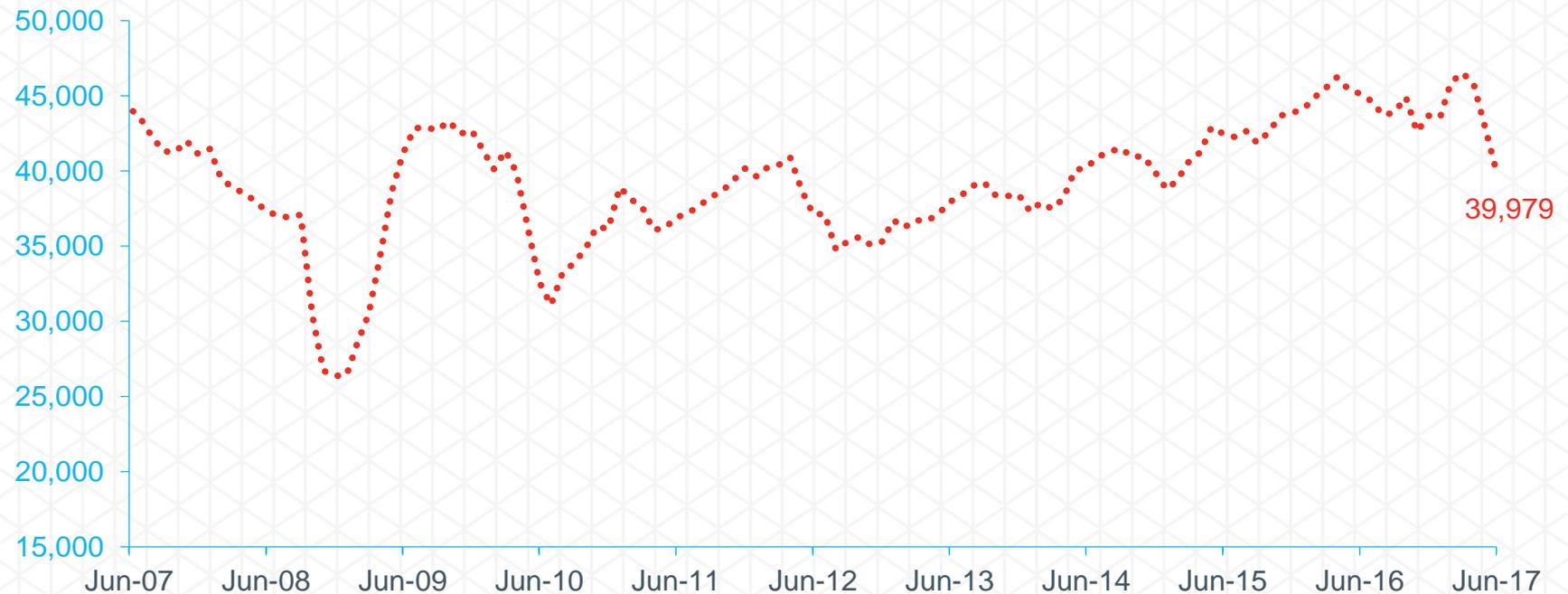
Source: CREA (Canadian Real Estate Association)

Canadian Housing Market – Existing Sales

○○○

The number of homes trading hands in June 2017 fell by 11.4% compared to the prior year and 6.7% compared to the month before. This is the largest monthly decline since June 2010. The decrease in sales is predominately due to declines in the housing market in the Greater Toronto Area. Additionally, the recent increase of the overnight rate by the Bank of Canada is expected to reinforce a lack of urgency to purchase homes or, alternatively, move buyers off the sidelines before their preapproved mortgage rate expires according to CREA's chief economist.

Existing Home Sales (units)



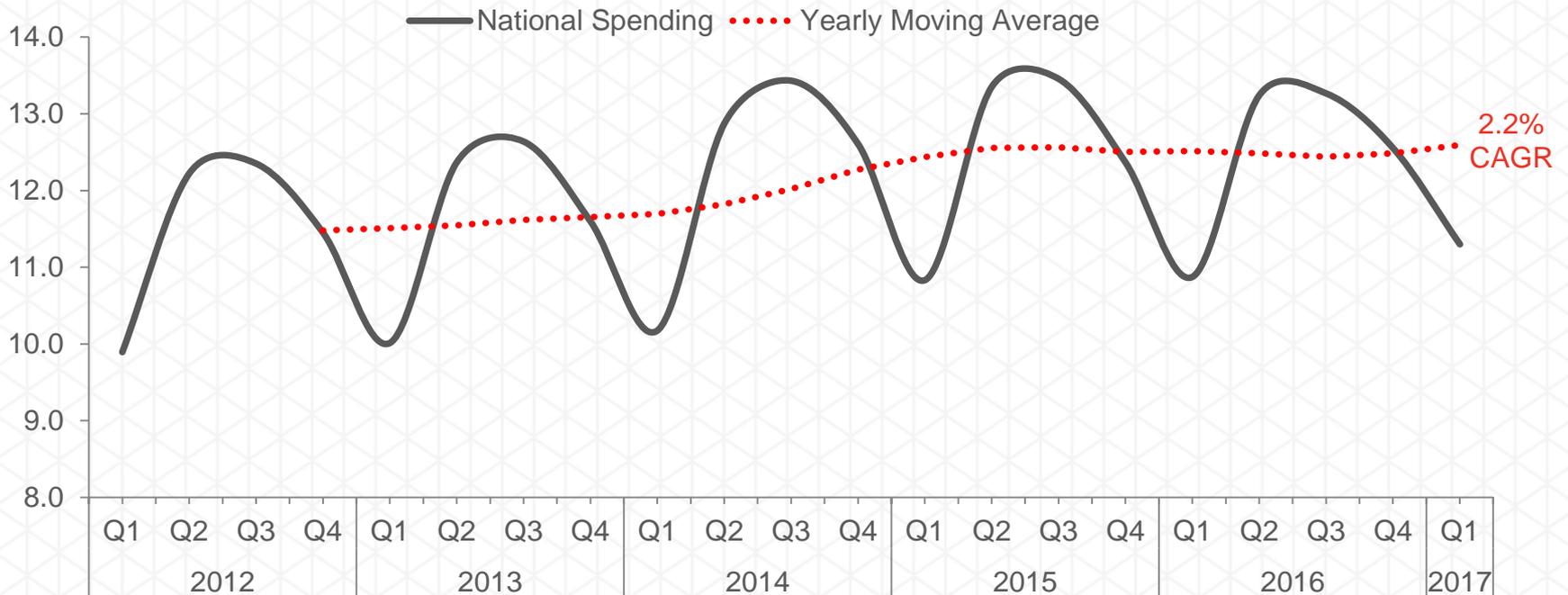
Source: CREA

Canadian Housing Market – Renovations

Spending on renovations rose 3.9% in the first quarter of 2017 compared to the year prior. Ontario and Quebec, which together account for 62.1% of renovation spending, saw a 5.4% year-over-year increase. Given the increased uncertainty of the housing market with new market restraining policies in place, we believe homeowners will likely consider renovating instead of selling/buying a home.



Renovation Spending (C\$ billions – Constant 2012 dollars)



Source: CREA

Public Company Valuations Continue to Climb

Over the past 12 months, the stock price indices for all sectors of the building products and materials industry have outperformed the S&P 500. The index of Building Materials Manufacturers posted the largest gain followed by the index of Home Builders and the index of Mid-Cap Building Products Manufacturers. The index of Building Products Distributors posted the lowest increase in the sector, but still that group outperformed the S&P 500.

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	8/4/17 Stock Price	% of 52 Wk High	Market Value	Enterprise Value	Enterprise Value as a Multiple of						LTM	
					Revenue			EBITDA			EBITDA Margin	Revenue Growth
					LTM	2017E	2018E	LTM	2017E	2018E		
Building Products Manufacturers Large Cap. (EV > \$3.0B)												
Compagnie de Saint-Gobain S.A.	\$56.72	92.1%	\$31,523	\$39,959	0.88x	0.83x	0.79x	8.6x	7.8x	7.2x	10.2%	1.6%
Masco Corporation	\$38.33	97.4%	\$12,212	\$14,361	1.92x	1.88x	1.79x	11.7x	10.8x	10.1x	16.4%	2.7%
Fortune Brands Home & Security, Inc.	\$65.23	96.6%	\$10,046	\$11,187	2.18x	2.09x	1.96x	13.6x	12.7x	11.5x	16.0%	5.4%
Owens Corning	\$68.31	99.3%	\$7,596	\$10,125	1.69x	1.64x	1.55x	9.4x	8.5x	7.7x	18.1%	8.3%
Acuity Brands, Inc.	\$199.87	71.2%	\$8,413	\$8,580	2.47x	2.43x	2.28x	14.7x	14.0x	12.8x	16.8%	11.1%
Lennox International Inc.	\$172.28	89.5%	\$7,267	\$8,395	2.21x	2.17x	2.08x	15.3x	14.2x	13.0x	14.5%	7.9%
James Hardie Industries plc	\$14.86	80.9%	\$6,551	\$7,109	3.70x	3.74x	3.32x	16.3x	15.8x	14.3x	22.7%	11.2%
USG Corporation	\$27.65	79.8%	\$3,965	\$4,612	1.50x	1.47x	1.40x	9.5x	8.1x	7.2x	15.8%	3.3%
Armstrong World Industries, Inc.	\$47.50	95.9%	\$2,512	\$3,313	2.59x	2.51x	2.40x	13.0x	9.4x	8.7x	19.9%	3.6%
	Median	92.1%			2.18x	2.09x	1.96x	12.7x	10.8x	10.1x	16.4%	5.4%
	Mean	89.2%			2.13x	2.08x	1.95x	12.4x	11.3x	10.3x	16.7%	6.1%
Building Products Manufacturers Mid. Cap. (EV < \$3.0B)												
Masonite International Corporation	\$75.85	88.9%	\$2,265	\$2,716	1.38x	1.29x	1.20x	12.1x	9.5x	8.3x	11.4%	2.3%
Trex Company, Inc.	\$79.67	97.1%	\$2,343	\$2,334	4.63x	4.29x	3.79x	17.7x	15.5x	13.9x	26.1%	9.3%
Ply Gem Holdings, Inc.	\$17.30	86.5%	\$1,184	\$2,036	1.05x	1.00x	0.93x	9.0x	8.0x	7.0x	11.7%	3.3%
Simpson Manufacturing Co., Inc.	\$44.92	92.8%	\$2,141	\$2,000	2.27x	2.06x	1.92x	12.1x	10.9x	9.9x	18.8%	7.8%
Griffon Corporation	\$19.25	70.9%	\$848	\$1,774	0.92x	0.89x	0.87x	9.8x	9.5x	9.0x	9.3%	(1.1)%
NCI Building Systems, Inc.	\$17.75	95.4%	\$1,258	\$1,597	0.91x	0.87x	0.83x	10.2x	8.5x	7.4x	8.9%	8.1%
Apogee Enterprises, Inc.	\$52.31	85.8%	\$1,509	\$1,557	1.37x	1.43x	1.10x	9.8x	9.9x	7.5x	14.0%	15.2%
American Woodmark Corporation	\$96.90	90.3%	\$1,580	\$1,368	1.33x	1.32x	1.22x	11.1x	11.1x	9.6x	12.0%	8.8%
Quanex Building Products Corporation	\$21.35	94.3%	\$735	\$1,008	1.12x	1.14x	1.09x	10.2x	9.5x	8.6x	10.9%	11.8%
Gibraltar Industries, Inc.	\$29.85	62.1%	\$942	\$970	1.01x	1.00x	0.95x	8.9x	8.3x	7.4x	11.4%	(12.1)%
	Median	89.6%			1.22x	1.21x	1.10x	10.2x	9.5x	8.4x	11.6%	8.0%
	Mean	86.4%			1.60x	1.53x	1.39x	11.1x	10.1x	8.9x	13.5%	5.3%

Source: Capital IQ as of July 28, 2017, and includes the most actively traded companies for respective covered sectors. For definitions, see page 24.

Public Companies' Trading Statistics

(\$ in millions)

Company	8/4/17 Stock Price	% of 52 Wk High	Market Value	Enterprise Value	Enterprise Value as a Multiple of						LTM	
					Revenue			EBITDA			EBITDA Margin	Revenue Growth
					LTM	2017E	2018E	LTM	2017E	2018E		
Building Products Distributors												
Ferguson plc	\$60.90	88.4%	\$15,316	\$17,038	0.84x	0.76x	0.74x	11.7x	10.4x	9.8x	7.2%	17.6%
Watsco, Inc.	\$152.00	95.3%	\$4,967	\$5,559	1.29x	1.27x	1.21x	14.8x	13.7x	13.3x	8.8%	3.8%
Pool Corporation	\$109.02	87.7%	\$4,494	\$5,022	1.88x	1.83x	1.72x	17.1x	16.1x	14.7x	11.0%	7.1%
Beacon Roofing Supply, Inc.	\$43.01	82.5%	\$2,597	\$3,777	0.89x	0.85x	0.80x	10.1x	9.9x	9.0x	8.8%	13.9%
Builders FirstSource, Inc.	\$16.72	99.3%	\$1,883	\$3,777	0.57x	0.54x	0.51x	10.3x	8.5x	7.3x	5.5%	14.9%
CanWel Building Materials Group Ltd.	\$4.82	85.8%	\$327	\$519	0.65x	0.61x	0.59x	12.8x	10.9x	9.8x	5.1%	11.3%
Bluelinx Holdings Inc.	\$10.35	91.8%	\$94	\$425	0.23x	NA	NA	14.6x	NA	NA	1.6%	(5.2)%
Hardwoods Distribution Inc.	\$14.58	93.3%	\$311	\$399	0.60x	0.48x	0.46x	10.5x	8.6x	8.0x	5.7%	49.7%
Huttig Building Products, Inc.	\$6.08	65.8%	\$157	\$261	0.36x	NA	NA	15.7x	NA	NA	2.3%	5.4%
Taiga Building Products Ltd.	\$0.80	91.8%	\$26	\$237	0.24x	NA	NA	7.7x	NA	NA	3.1%	(0.6)%
Goodfellow Inc.	\$6.55	70.1%	\$56	\$123	0.31x	NA	NA	NA	NA	NA	NA	(3.4)%
	Median	88.4%			0.60x	0.76x	0.74x	12.2x	10.4x	9.8x	5.6%	7.1%
	Mean	86.5%			0.71x	0.91x	0.86x	12.5x	11.2x	10.3x	5.9%	10.4%
Building Materials Manufacturers												
LafargeHolcim Ltd	\$60.69	97.0%	\$36,760	\$56,994	2.10x	2.10x	2.00x	10.5x	9.3x	8.4x	20.0%	(7.9)%
CRH plc	\$35.13	85.7%	\$29,379	\$36,339	1.27x	1.07x	1.02x	11.1x	8.8x	8.1x	11.4%	14.7%
HeidelbergCement AG	\$97.86	88.2%	\$19,417	\$33,209	1.70x	1.57x	1.51x	10.1x	8.3x	7.6x	16.8%	28.0%
CEMEX, S.A.B. de C.V.	\$0.98	90.8%	\$14,689	\$26,217	2.15x	1.73x	1.67x	10.5x	8.4x	7.8x	20.5%	13.9%
Vulcan Materials Company	\$121.84	88.2%	\$16,116	\$18,322	4.95x	4.53x	4.00x	19.5x	15.4x	12.5x	25.4%	2.5%
Martin Marietta Materials, Inc.	\$214.42	87.8%	\$13,474	\$15,226	4.10x	3.85x	3.52x	15.8x	13.9x	11.6x	25.9%	8.1%
Eagle Materials Inc.	\$94.13	85.1%	\$4,565	\$5,215	4.07x	4.34x	3.52x	13.2x	12.6x	10.0x	30.8%	10.7%
Titan Cement Company S.A.	\$29.13	91.1%	\$2,281	\$3,291	1.85x	1.77x	1.67x	9.6x	9.1x	8.2x	19.3%	7.6%
U.S. Concrete, Inc.	\$79.85	99.3%	\$1,269	\$1,636	1.34x	1.18x	1.05x	10.2x	7.7x	6.7x	13.2%	16.6%
	Median	88.2%			2.10x	1.77x	1.67x	10.5x	9.1x	8.2x	20.0%	10.7%
	Mean	90.3%			2.61x	2.46x	2.22x	12.3x	10.4x	9.0x	20.4%	10.5%

Source: Capital IQ as of July 28, 2017, and includes the most actively traded companies for respective covered sectors. For definitions, see page 24.

Public Companies' Trading Statistics

Company	8/4/17 Stock Price	% of 52 Wk High	Market Value	Enterprise Value	Enterprise Value as a Multiple of						LTM	
					Revenue			EBITDA			EBITDA Margin	Revenue Growth
					LTM	2017E	2018E	LTM	2017E	2018E		
Home Builders												
Lennar Corporation	\$54.25	97.3%	\$12,488	\$19,068	1.61x	1.50x	1.36x	14.0x	10.8x	9.5x	11.6%	16.0%
D.R. Horton, Inc.	\$36.59	97.7%	\$13,695	\$16,161	1.18x	1.15x	1.03x	9.8x	8.8x	7.8x	12.0%	18.0%
PulteGroup, Inc.	\$25.60	99.5%	\$7,724	\$10,800	1.34x	1.22x	1.08x	9.8x	8.5x	7.1x	13.7%	18.9%
NVR, Inc.	\$2,675.52	98.2%	\$10,016	\$10,094	1.65x	1.57x	1.41x	12.6x	12.0x	10.4x	13.1%	11.3%
Toll Brothers, Inc.	\$39.73	96.7%	\$6,499	\$9,506	1.76x	1.61x	1.43x	18.7x	9.3x	8.6x	9.4%	20.0%
KB Home	\$23.43	96.1%	\$2,004	\$4,166	1.06x	0.97x	0.89x	17.1x	9.1x	8.2x	6.2%	18.3%
Meritage Homes Corporation	\$43.85	98.7%	\$1,768	\$2,909	0.93x	0.89x	0.84x	12.0x	10.2x	9.4x	7.8%	9.2%
M.D.C. Holdings, Inc.	\$34.56	93.6%	\$1,793	\$2,339	0.91x	0.89x	0.83x	11.7x	10.0x	8.9x	7.7%	26.4%
Hovnanian Enterprises, Inc.	\$2.27	76.2%	\$338	\$1,900	0.71x	0.79x	0.81x	13.8x	9.8x	9.9x	5.2%	7.9%
Beazer Homes USA, Inc.	\$15.45	97.8%	\$494	\$1,660	0.89x	0.89x	0.84x	22.3x	12.6x	11.0x	4.0%	2.9%
M/I Homes, Inc.	\$25.81	87.7%	\$648	\$1,337	0.73x	0.69x	0.64x	10.1x	NA	NA	7.2%	17.4%
	Median	97.3%			1.06x	0.97x	0.89x	12.6x	9.9x	9.1x	7.8%	17.4%
	Mean	94.5%			1.16x	1.10x	1.01x	13.8x	10.1x	9.1x	8.9%	15.1%
Lumber and Wood Products Manufacturers												
Weyerhaeuser Co.	\$32.78	92.3%	\$24,681	\$31,095	4.56x	4.38x	4.14x	18.4x	15.8x	14.1x	24.8%	19.7%
West Fraser Timber Co. Ltd.	\$53.67	98.8%	\$4,195	\$4,328	1.18x	1.08x	1.01x	6.5x	6.1x	6.3x	18.0%	12.4%
Norbord Inc.	\$33.11	93.6%	\$2,852	\$3,408	1.76x	1.70x	1.59x	7.0x	6.1x	6.2x	25.1%	19.3%
Louisiana-Pacific Corporation	\$24.48	90.9%	\$3,545	\$3,181	1.30x	1.22x	1.15x	7.2x	6.0x	6.1x	18.1%	21.7%
Canfor Corporation	\$17.05	99.7%	\$2,264	\$2,563	0.75x	0.71x	0.69x	5.0x	5.2x	5.6x	14.9%	7.8%
Universal Forest Products, Inc.	\$84.91	76.5%	\$1,734	\$1,944	0.54x	0.50x	0.47x	9.0x	8.6x	7.7x	6.0%	21.4%
Boise Cascade Company	\$30.10	90.1%	\$1,160	\$1,493	0.36x	0.35x	0.32x	8.8x	7.2x	6.3x	4.1%	8.1%
	Median	92.3%			1.18x	1.08x	1.01x	7.2x	6.1x	6.3x	18.0%	19.3%
	Mean	91.7%			1.49x	1.42x	1.34x	8.9x	7.9x	7.5x	15.9%	15.8%

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

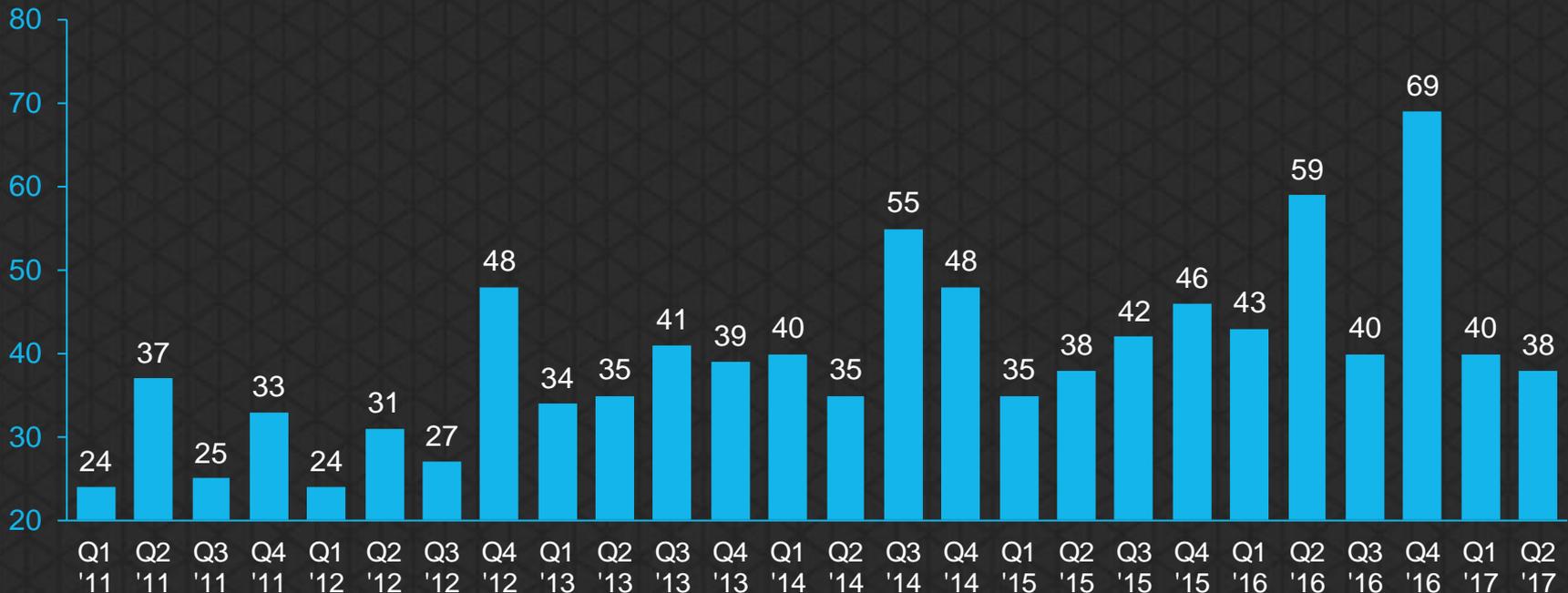
Source: Capital IQ as of July 28, 2017, and includes the most actively traded companies for respective covered sectors

Quarterly M&A Activity Slows Down From Record-Setting Pace

M&A activity in the building products sector remained solid in 1H 2017, with 78 completed transactions involving target companies headquartered in the United States or Canada. However, the number of transactions was down from the second half of 2016, which recorded the highest level of M&A activity since the recession.

The strong activity in the second half of 2016 was driven by an abundance of private equity capital, continued low interest rates and a favorable housing market outlook. While these dynamics continue to exist, there is currently a lack of willing sellers, and many sellers have unrealistic valuation expectations leading to busted auction processes.

Building Products and Materials M&A Trends



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

Notable M&A Activity – 1H 2017



Date Announced	Target	Target Country	Acquiror	Target Business Description
Building Products Distributors				
May-17	Endries International Inc.	United States	Nautic Partners, LLC	Distributes fasteners and related production components to original equipment manufacturers
May-17	Gypsum Wallboard Supply, Inc.	United States	Foundation Building Materials, Inc.	Supplies drywall and metal framing products
May-17	Wallboard, Inc.	United States	Foundation Building Materials, Inc.	Distributes drywall, steel framing, insulation and finishing products
Apr-17	Kohl Building Products, LLC	United States	SRS Distribution, Inc.	Supplies building materials to professional remodelers, builders and homeowners
Apr-17	Texas Plywood & Lumber Company, Inc.	United States	BMC Stock Holdings, Inc.	Supplies doors and millwork products for the builders of single family and multifamily markets
Mar-17	Mclendon Hardware Inc.	United States	Central Network Retail Group, LLC	Owns and operates hardware stores
Mar-17	Acme Building Materials, Inc.	United States	Beacon Roofing Supply, Inc.	Distributes building materials
Mar-17	Savoia Canada Inc.	Canada	GESCO Group of Companies	Distributes flooring and wall tiles

Notable M&A Activity – 1H 2017



Date Announced	Target	Target Country	Acquiror	Target Business Description
Building Products Manufacturers				
Jun-17	MFS, LLC	United States	CertainTeed Corporation	Manufactures plastic, granite stone and knotty pine wood fence products
Jun-17	EFCO Corporation	United States	Apogee Enterprises, Inc.	Manufactures windows and entrance systems for commercial markets
Jun-17	Mannington Mills, Inc., Vinyl Composition Tile Business	United States	Armstrong Flooring, Inc.	Manufactures hard surface flooring products for educational facilities and mass merchants
Jun-17	The Marwin Company, Inc.	United States	Validor Capital LLC	Manufactures attic stairways, pocket door frames and other specialty building products
May-17	Bestworth-Rommel, Inc.	United States	OneAccord Capital	Manufactures canopies and wall panel systems for the petroleum, retail and commercial sectors
May-17	McGregor & Thompson Hardware Ltd.	Canada	Speyside Equity LLC	Manufactures doors, frames, finishing hardware and construction products
May-17	HOUZER, Inc.	United States	Hamat Group Ltd.	Manufactures and markets kitchen sinks
May-17	Premier Surfaces, Inc.	United States	Clio Holdings, LLC	Manufactures countertops, sinks and tiles for homes and commercial markets
Apr-17	GCP Applied Technologies, Non-Core Carpet Tack Strip And Plywood	United States	Q.E.P. Co., Inc.	Manufactures flooring installation products
Apr-17	Pratt & Larson Ceramics Inc	United States	Management Buyout of Company	Manufactures ceramic wall and floor tiles
Apr-17	AC Products Co. and Southern Cross Building Products	United States	Q.E.P. Co., Inc.	Manufactures ceramic bath accessories
Apr-17	Architectural Arts, Inc.	United States	Savannah, Inc.	Designs and manufactures building products
Apr-17	Gaco Western, LLC	United States	Firestone Building Products Company, LLC	Manufactures waterproofing and insulation products for commercial, industrial and residential applications
Mar-17	Chelsea Building Products, Inc.	United States	aluplast US Corporation	Manufactures window and door systems and building products for home and office buildings
Mar-17	Shanahan's Limited Partnership	Canada	Speyside Equity LLC	Manufactures and supplies commercial construction specialty products

Notable M&A Activity – 1H 2017



Date Announced	Target	Target Country	Acquiror	Target Business Description
Building Products Manufacturers (continued)				
Mar-17	Elastikote LLC	United States	Hyload, Inc.; Blair Rubber Company	Designs and manufactures solvent-based roofing and below-grade waterproofing systems
Mar-17	Quality Hardwood Sales, LLC	United States	Universal Forest Products, Inc.	Manufactures hardwood products
Mar-17	Carriage House Door Company	United States	Home Factories, Inc.	Designs, manufactures and sells garage doors
Feb-17	Bentley Mills, Inc.	United States	Lone Star Funds	Manufactures broadloom, tile, fast track and area rug products for commercial interiors
Feb-17	Plastic Tubing Industries Inc.	United States	Advanced Drainage Systems, Inc.	Manufactures high-density polyethylene corrugated drainage pipes and fittings
Jan-17	Magnolia Window and Door	United States	Headwaters Incorporated	Designs and fabricates windows and patio door products for dealers, builders, architects and consumers
Jan-17	Polar Window Of Canada Ltd.	Canada	Morris Capital Management, LLC; Henry & Wallace, LLC	Manufactures, designs, and installs windows and doors for homes
Jan-17	Wafflor Industries Inc	United States	Low & Bonar plc	Manufactures vapor permeable air barriers and sound deadening floor underlayments
Jan-17	Assura Windows & Doors, LLC	United States	TM Windows LLC	Manufactures aluminum and vinyl windows and doors for residential and light commercial markets
Jan-17	MAAX Bath Inc.	Canada	American Bath Group, LLC	Manufactures bathroom products for the residential housing market
Jan-17	Nomaco Inc., Polyethylene Insulation Business	United States	Armacell LLC	Manufactures polyethylene insulation products
Jan-17	Anvil International, LLC	United States	OEP Capital Advisors, L.P.	Manufactures pipe fittings, pipe hangers and piping support systems
Jan-17	Solid Surfaces, Inc.	United States	Clio Holdings, LLC	Provides custom countertops for residential and commercial clients
Jan-17	Binford Supply LLC	United States	U.S. Fence Solutions Company	Manufactures and distributes fencing and gate products
Jan-17	Republic Doors and Frames, Inc.	United States	Allegion plc	Manufactures commercial steel doors and frames

Notable M&A Activity – 1H 2017



Date Announced	Target	Target Country	Acquiror	Target Business Description
Lumber and Wood Manufacturers				
May-17	Tembec Inc.	Canada	Rayonier Advanced Materials Inc.	Manufactures spruce, pine and fir dimensional lumber products for construction and industrial markets
May-17	Kildare Lumber Company	United States	Mead Lumber Company, Inc.	Owns and operates lumber and hardware product stores
Apr-17	Hoover Treated Wood Products, Inc.	United States	Graham Holdings Company	Supplies kiln-dried lumber and plywood products for fire retardant and preservative applications
Mar-17	Anthony-EACOM Inc.	Canada	Eacom Timber Corporation	Manufactures and distributes wood joists
Mar-17	Latham Stairs & Millworks, Inc.	United States	Concierge Renovation Company, Inc.	Manufactures wooden and iron stair parts, mantelpieces, wood turnings and cedar products
Mar-17	Quality Hardwood Sales, LLC	United States	Universal Forest Products, Inc.	Manufactures hardwood products
Mar-17	Olon Industries Inc.	Canada	White Owl Family Office Ltd.	Manufactures integrated woodworking component products for furniture and cabinet-making industries

Notable M&A Activity – 1H 2017



Date Announced	Target	Target Country	Acquiror	Target Business Description
Building Materials Manufacturers				
Jun-17	CEMEX, S.A.B. de C.V., Pacific Northwest Materials Business	United States	Cadman Materials, Inc.	Manufactures aggregate, asphalt and ready mix concrete production operations
Jun-17	Pittsburgh Corning Corporation	United States	Owens Corning	Develops, manufactures and supplies building materials
Jun-17	Forterra, Inc., U.S. Concrete and Steel Pressure Pipe Assets	United States	Thompson Pipe Group Inc.	Manufactures concrete and steel pressure water pipes
Jun-17	Bluegrass Materials Company, LLC	United States	Martin Marietta Materials, Inc.	Manufactures aggregates and concrete blocks
May-17	Aggregates USA, LLC	United States	Vulcan Construction Materials, LLC	Produces construction aggregates
May-17	CMP Specialty Products, Inc.	United States	Bostik, Inc.	Manufactures flooring and other construction related products for commercial and residential markets
May-17	Graymont Limited, New York Materials Operations	United States	Upstone Materials Inc.	Manufactures and distributes concrete from quarries, hot mix asphalt plants and ready-mix concrete plants
Apr-17	Blackstone Supply LLC, SpeedStone product line	United States	KEIR Manufacturing, Inc.	Manufactures resin bonded jointer stone abrasives
Apr-17	Cast-Crete USA, Inc.	United States	Stonebridge Partners; Falcon Investment Advisors, LLC	Manufactures concrete U-lintels for residential, commercial and institutional construction industries
Apr-17	Metro Mix, LLC	United States	RMR Industrials, Inc.	Manufactures and supplies ready-mixed concrete for commercial markets
Apr-17	Hy-Grade Precast Concrete Ltd.	Canada	Con Cast Pipe, LP	Manufactures precast concrete products
Mar-17	Fabrication Facility Located in Webster, Massachusetts	United States	Saand Inc.	Operates a glass fabrication facility
Mar-17	Sandidge Manufacturing, Inc.	United States	Summit Materials, Inc.	Manufactures ready-mix concrete
Mar-17	United States Marble, Inc.	United States	Clio Holdings, LLC	Manufactures custom stone granites and marble solid surfaces
Feb-17	Mulzer Crushed Stone, Inc.	United States	CRH plc	Manufactures and supplies crushed stone for construction projects from driveways to highways

Notable M&A Activity – 1H 2017



Date Announced	Target	Target Country	Acquiror	Target Business Description
Building Materials Manufacturers (continued)				
Feb-17	Everist Materials, LLC and Razorback Concrete Company	United States	Summit Materials, Inc.	Manufactures ready-mix concrete products
Feb-17	Bestway Concrete Company	United States	BURNCO Rock Products Ltd.	Manufactures ready-mixed concrete services
Feb-17	EJB Paving & Materials Co. and Berks Products Corp.	United States	New Enterprise Stone & Lime Co., Inc.	Manufactures blacktop and porous pavement materials
Feb-17	Essroc San Juan Inc.	United States	Wetvan Overseas	Manufactures cement
Jan-17	Pre-Cast Specialties, Inc., Concrete Plant in Pompano Beach	United States	Béton Préfabriqué Du Lac	Manufactures concrete for the utilities, structural and commercial real estate markets
Jan-17	LoJac Holdings Corporation, Asphalt Division, Construction Division	United States	Vulcan Materials Company	Manufactures asphalt and other construction materials production business

Notable M&A Activity – 1H 2017



Date Announced	Target	Target Country	Acquiror	Target Business Description
Homebuilders				
Jun-17	Oakpointe, LLC, Homebuilding Business	United States	CalAtlantic Group, Inc.	Operates as a residential construction business
May-17	Winkelman Building Corporation	United States	Bradbury Stamm Construction, Inc.	Provides construction and green building services
Apr-17	SGF Contracting Services, LLC	United States	Affinity Enterprise Group	Provides renovation, rehab and repair services on single and multifamily properties
Apr-17	UCP, Inc.	United States	Century Communities, Inc.	Operates as a homebuilder and land developer
Apr-17	Fortress Builders, LLC	United States	Eastwood Construction, LLC	Builds single-family homes for first-time and move-up buyers
Apr-17	SAVVY Homes, LLC	United States	AV Homes, Inc.	Designs, customizes and builds homes
Mar-17	Appleseed Workshop, LLC	United States	Golden Construction, LLC	Provides design/build services to residential, commercial and downtown projects
Mar-17	Eagle Mountain Homes Ltd.	Canada	WGI Westman Group Inc.	Manufactures buildings using steel structural insulated panels
Feb-17	Woodside Homes, Inc.	United States	SH Residential Holdings, LLC	Provides homebuilding services
Feb-17	Urban Investment Group, LLC	United States	The ACUMEN Companies	Operates as a real estate investment and development company
Feb-17	EDGE Homes	United States	Sumitomo Forestry America Inc.	Provides homebuilding services

Duff & Phelps' Ongoing and Recent Transactions

Sell Side Advisor
(On Going)

Lumber manufacturing plant
and pine sawmill

Sell Side Advisor
(On Going)

Leading subcontractor
specializing in glass and
aluminum curtain wall, metal
panels and custom metal
roofing building enclosure
systems

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



Contact Us

New York Contacts

Jon Melzer

Managing Director
+1 212 450 2866
jon.melzer@duffandphelps.com

Eric Williams

Director
+1 212 450 2856
eric.williams@duffandphelps.com

Toronto Contacts

Ross Fletcher

Managing Director
+1 416 361 2588
ross.fletcher@duffandphelps.com

Howard Johnson

Managing Director
+1 416 597 4500
howard.johnson@duffandphelps.com

Munich Contact

Andreas Stoecklin

Country Head of Germany
+49 (0)8938 888 4120
andreas.stoecklin@duffandphelps.com

Chicago Contacts

David Althoff

Global Head of Diversified Industrials M&A
+1 312 697 4625
david.althoff@duffandphelps.com

Jacob Rapp

Vice President
+1 312 697 4962
jacob.rapp@duffandphelps.com

London Contacts

Dafydd Evans

Managing Director
+44 (0) 20 7089 4850
dayfdd.evans@duffandphelps.com

Paul Teuten

Managing Director
+44 (0) 20 7089 4840
paul.teuten@duffandphelps.com

About Duff & Phelps

Duff & Phelps is the premier global valuation and corporate finance advisor with expertise in complex valuation, dispute and legal management consulting, M&A, restructuring, and compliance and regulatory consulting. The firm's more than 2,000 employees serve a diverse range of clients from offices around the world.

M&A advisory, capital raising and secondary market advisory services in the United States are provided by Duff & Phelps Securities, LLC. Member FINRA/SIPC. Pagemill Partners is a Division of Duff & Phelps Securities, LLC. M&A advisory and capital raising services in Canada are provided by Duff & Phelps Securities Canada Ltd., a registered Exempt Market Dealer. M&A advisory, capital raising and secondary market advisory services in the United Kingdom and across Europe are provided by Duff & Phelps Securities Ltd. (DPSL), which is authorized and regulated by the Financial Conduct Authority. In Germany M&A advisory and capital raising services are also provided by Duff & Phelps GmbH, which is a Tied Agent of DPSL. Valuation Advisory Services in India are provided by Duff & Phelps India Private Limited under a category 1 merchant banker license issued by the Securities and Exchange Board of India.

For more information please visit:

www.duffandphelps.com