



Building Products and Materials Industry Insights

Second Quarter 2014

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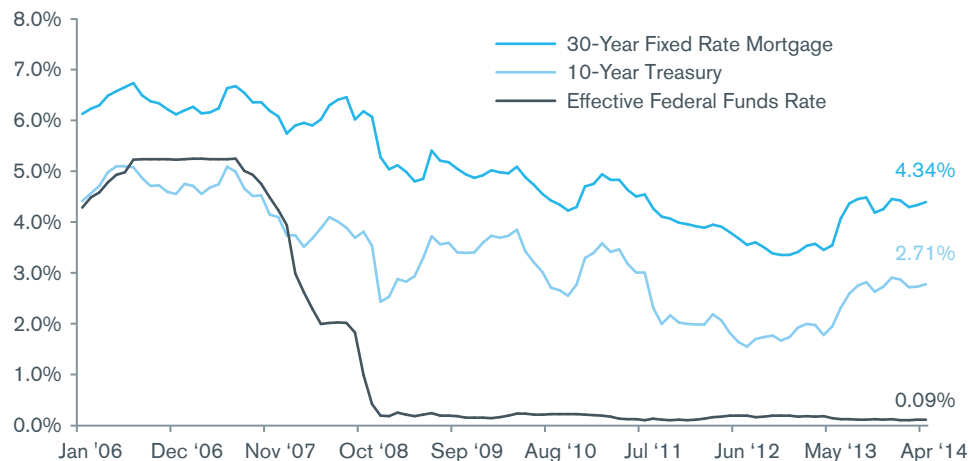
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Housing Indicators

Key Interest Rates

After increasing last summer, the 30-year mortgage rate has remained relatively unchanged. The average 30-year mortgage rate in April 2014 was 4.34%, which is up nearly one percentage point from a year ago. The increase in mortgage rates from a year ago and decline in home sales, among other factors, have led to a 58.0% year-over-year decline in mortgage loan originations in Q1 2014.

Key Interest Rates – Monthly Trends



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

Consumer Confidence Index (CCI)

The CCI declined slightly in April to 82.3 from 83.9 in March. However, the index remains significantly higher than a year ago (69.0 in April 2013) and has increased since the beginning of the year (78.1 in December 2013) due to the steadily increasing confidence in the economy and future job prospects.

Consumer Confidence Index

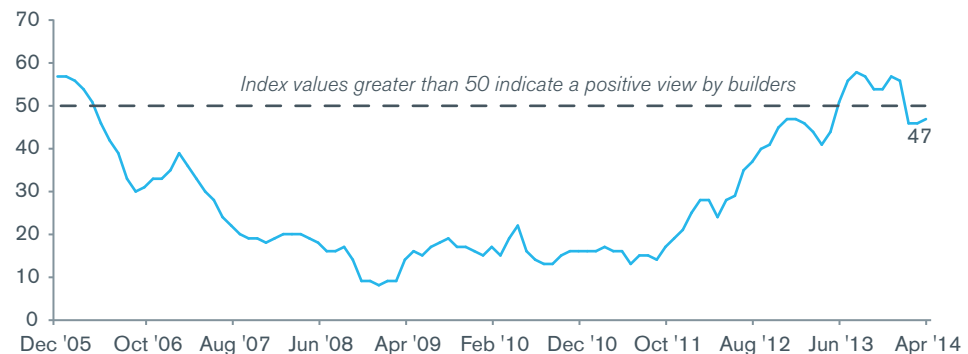


Indexed to 1985
Source: The Conference Board

NAHB Housing Market Index (HMI)

The HMI, a measure of builder confidence, increased to 47 in April 2014 after remaining in a holding pattern at 46 for both February and March. Despite declining new home sales in March, ongoing tight credit conditions and limited availability of lots and labor, homebuilders are slightly more optimistic heading into the spring home buying season.

NAHB Housing Market Index (Builders Confidence)



Seasonally Adjusted
Source: National Association of Home Builders

Housing Starts

National Housing Starts

U.S. housing starts in March were at a seasonally adjusted annual rate of 946,000, which is up 2.8% from the 920,000 rate in February, but down 5.9% from March 2013.

While improved weather conditions are credited with pushing up housing starts to their fastest pace so far this year, the March results were below economists' expectations of 970,000.

U.S. Housing Starts (units in thousands)



Q1 2014 Unadjusted Housing Starts: 203 Year-over-Year Δ: (2.4%)

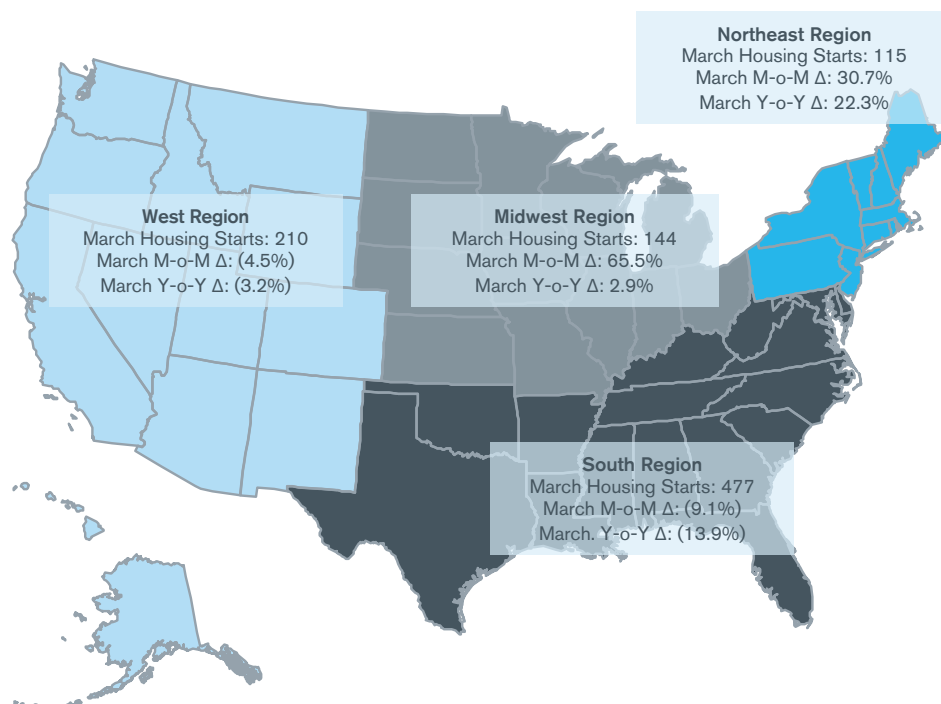
Seasonally Adjusted Annual Rate
Source: U.S. Department of Commerce: Census Bureau

Regional Housing Starts

The Midwest Region experienced the biggest month-over-month increase in starts with starts up 65.5% in March over February. According to the Wall Street Journal, this increase had more to do with a slow February (weather driven) than a strong March as March starts were up only 2.9% from a year ago.

The Northeast Region also experienced a big increase in starts, with starts up 30.7% in March over the prior month and up 22.3% over March 2013. The South and West, on the other hand, experienced declines in March of 9.1% and 4.5%, respectively, relative to February.

U.S. Housing Starts by Region (units in thousands)



Seasonally Adjusted Annual Rate
Source: U.S. Department of Commerce: Census Bureau

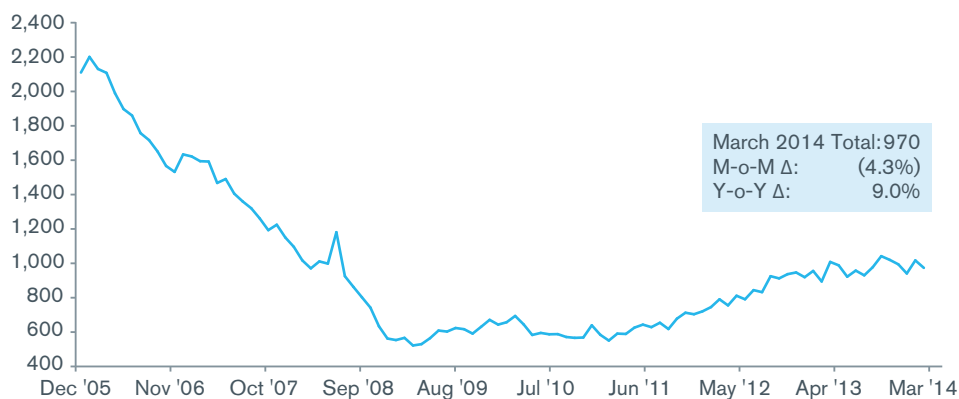
Building Permits

National Building Permits

Building permits in March fell to a seasonally adjusted annual rate of 970,000, which is 4.3% below revised February permits, but 9.0% above March 2013.

With the exception of a few down months such as March, building permits have been steadily increasing over the last three years.

U.S. Housing Units Authorized by Building Permits (units in thousands)



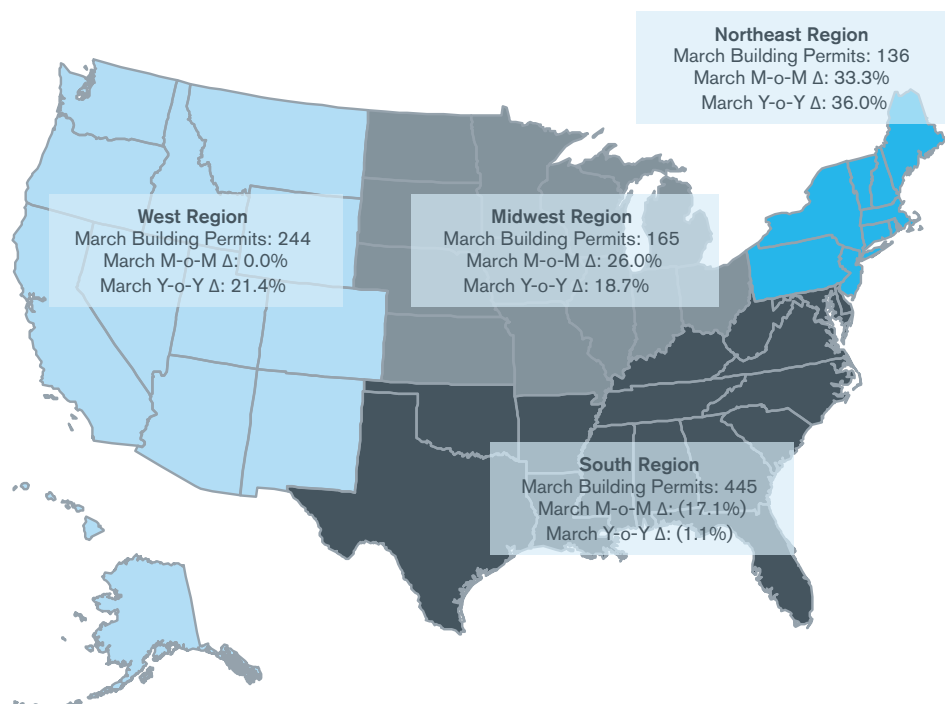
Q1 2014 Unadjusted Actual Building Permits: 219 Year-over-Year Δ: 6.8%

Seasonally Adjusted Annual Rate
Source: U.S. Department of Commerce: Census Bureau

Regional Building Permits

The Northeast and Midwest Regions both experienced an increase in building permits in March, with 33.3% and 26.0% respective increases over February building permits. The West remained unchanged from the previous month, but exhibited a 21.4% year-over-year increase. Building permits in the South presented the largest drag on national figures, down 17.1% from February and down 1.1% from March 2013.

Authorized Building Permits by Region (units in thousands)



Seasonally Adjusted Annual Rate
Source: U.S. Department of Commerce: Census Bureau

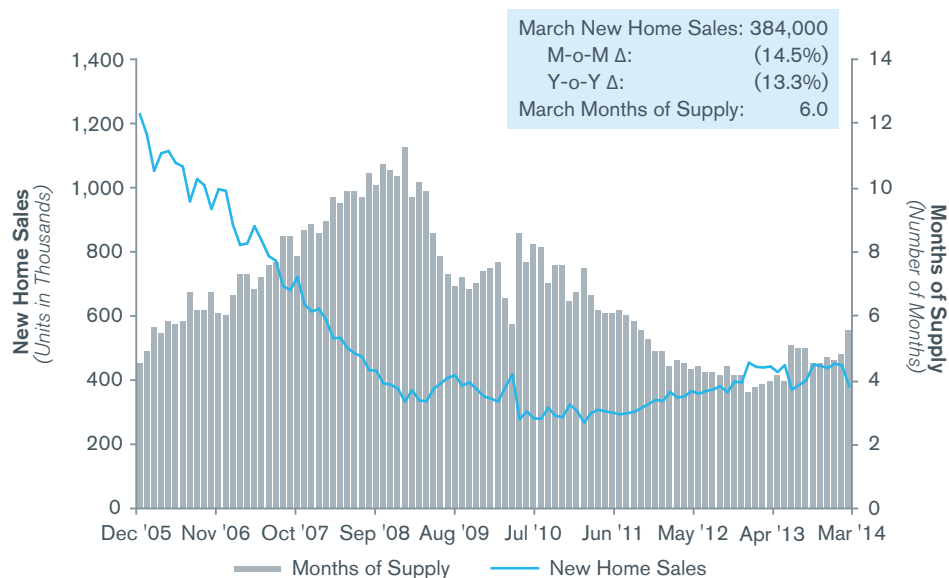
Home Sales and Supply

New Home Sales and Supply

U.S. new home sales fell in March for a second consecutive month to a seasonally adjusted annual rate of 384,000, which is 14.5% lower than February and 13.3% lower than March 2013. Despite a poor March and a harsh winter, new home sales for Q1 2014 were only down 1.8% relative to the same period last year.

The inventory of new homes increased to 6.0 months, a 15.4% increase from February, as new home construction activity outpaced new home sales.

New Homes – Sales and Months of Supply



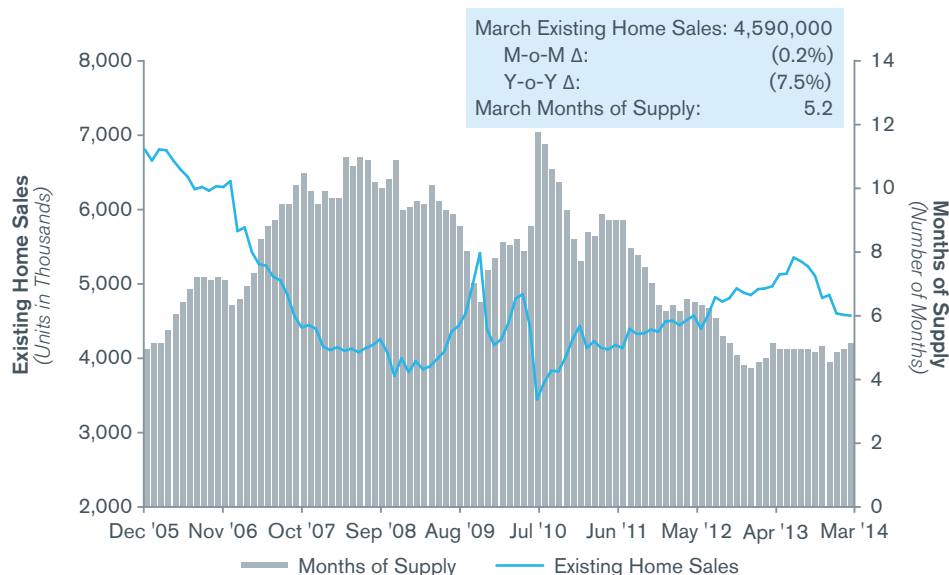
New Home Sales: Seasonally Adjusted Annual Rate
 Months Supply Seasonally Adjusted at Current Sales Rates
 Source: U.S. Department of Commerce: Census Bureau

Existing Home Sales and Supply

Existing home sales decreased in March to an annual rate of 4,590,000, which is 0.2% lower than February and 7.5% lower than March 2013. Despite a decrease in sales, foreclosures and short sales only comprised 14.0% of March sales versus a 16.0% share in February and a 21.0% share in March 2013.

The inventory shortage of existing homes eased a bit in March, with months supply increasing 4.7% to 5.2 months.

Existing Homes – Sales and Months of Supply



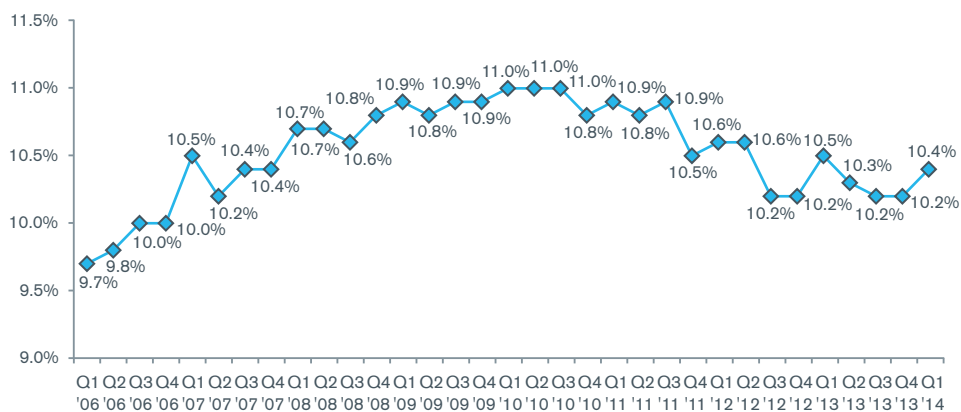
Existing Home Sales: Seasonally Adjusted Annual Rate
 Months Supply Not Seasonally Adjusted
 Source: U.S. Department of Commerce: Census Bureau

Vacancy Rates and Household Formations

Monthly Vacancy Rates

Vacancy rates have generally been trending downward since peaking in Q2 2010. Vacancy rates increased slightly to 10.4% in Q1 2014 from 10.2% in Q4 2013, but are still near the lowest level recorded since the housing market downturn.

U.S. Year-Round Vacancy Rates

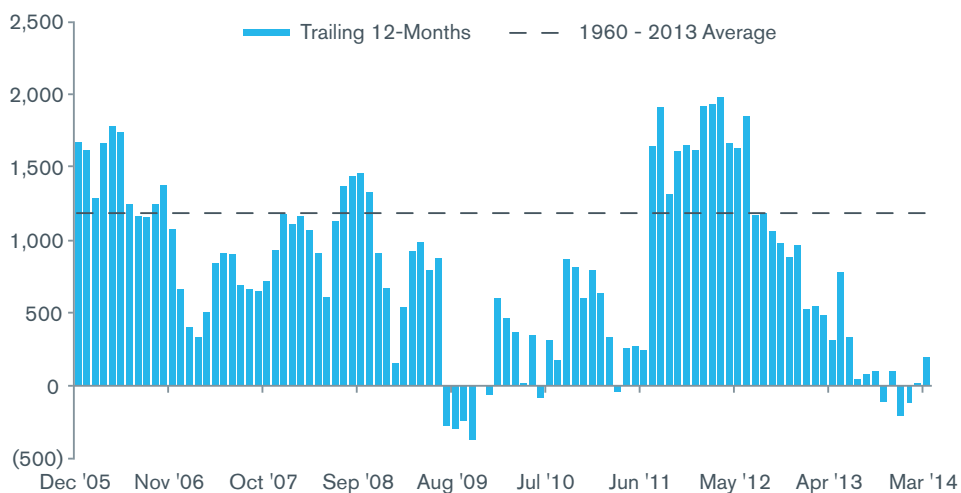


Source: U.S. Department of Commerce: Census Bureau

Household Formations

One of the factors that is holding the housing sector back from a more robust recovery is the lack of household formations. Over the last 19 months, household formations have remained below the long-term average in part due to the weak job market, according to the U.S. Department of Commerce.

U.S. Annual Household Formations (units in thousands)



Source: U.S. Department of Commerce: Census Bureau

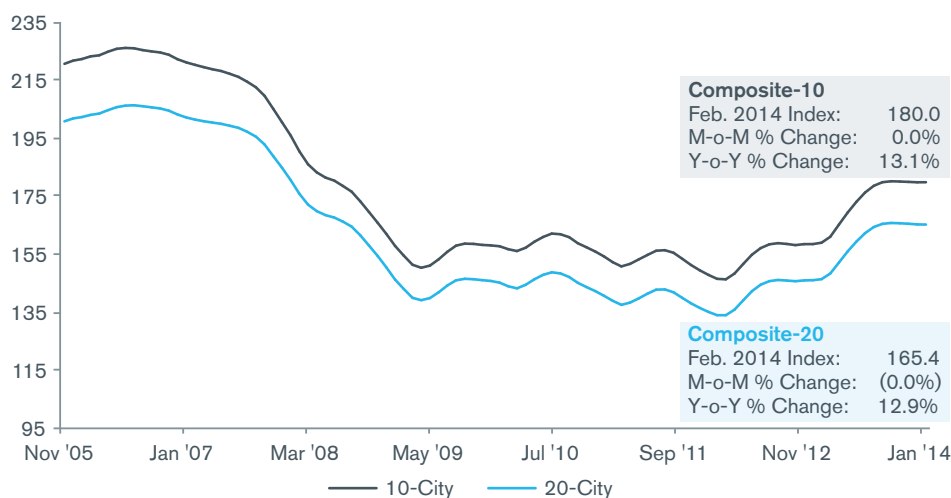
Trends in U.S. Home Prices

S&P / Case-Shiller Home Price Indices*

The 10-City and 20-City home price indices have remained relatively unchanged since September 2013. The February indices were nearly identical to those in January, but were up substantially over February 2013. The 20-City index as of February was 12.9% higher than the same month a year ago.

Despite the recent increase, both indices remain well below their peak in April 2006. The 20-City index is 19.9% below its peak.

S&P / Case-Shiller Indices*



Monthly, Indexed to January 2000
Source: S&P Dow Jones Indices LLC

The three California cities in the 20-city composite (i.e., San Francisco, San Diego and Los Angeles) and Las Vegas have experienced the biggest year-over-year increases as the West continues to lead the nation.

Denver and Dallas remain the only cities whose prices now exceed pre-recessionary levels. The Northeast and select Midwest markets continue to be the laggards in the index.

Metropolitan Regions in the S&P / Case-Shiller Home Price Indices

February 2014 – Composite 10			February 2014 – Composite 20		
Metropolitan Area	M-o-M % Δ	Y-o-Y % Δ	Metropolitan Area	M-o-M % Δ	Y-o-Y % Δ
Las Vegas	(0.1%)	23.1%	Las Vegas	(0.1%)	23.1%
San Francisco	0.2%	22.7%	San Francisco	0.2%	22.7%
San Diego	1.0%	19.9%	San Diego	1.0%	19.9%
Los Angeles	0.5%	18.2%	Los Angeles	0.5%	18.2%
Miami	(0.2%)	16.0%	Atlanta	(0.6%)	16.1%
Chicago	(0.9%)	10.8%	Miami	(0.2%)	16.0%
Washington D.C.	0.1%	9.1%	Detroit	(0.5%)	15.5%
Denver	(0.1%)	9.1%	Tampa	(0.7%)	13.4%
Boston	(0.5%)	8.5%	Portland	0.8%	13.3%
New York	(0.4%)	6.1%	Seattle	0.6%	12.8%
Composite-10	0.0%	13.1%	Phoenix	(0.1%)	12.5%
			Chicago	(0.9%)	10.8%
			Dallas	0.2%	10.1%
			Minneapolis	(0.9%)	9.2%
			Washington D.C.	0.1%	9.1%
			Denver	(0.1%)	9.1%
			Boston	(0.5%)	8.5%
			Charlotte	(0.3%)	6.7%
			New York	(0.4%)	6.1%
			Cleveland	(1.6%)	3.0%
			Composite-20	0.0%	12.9%

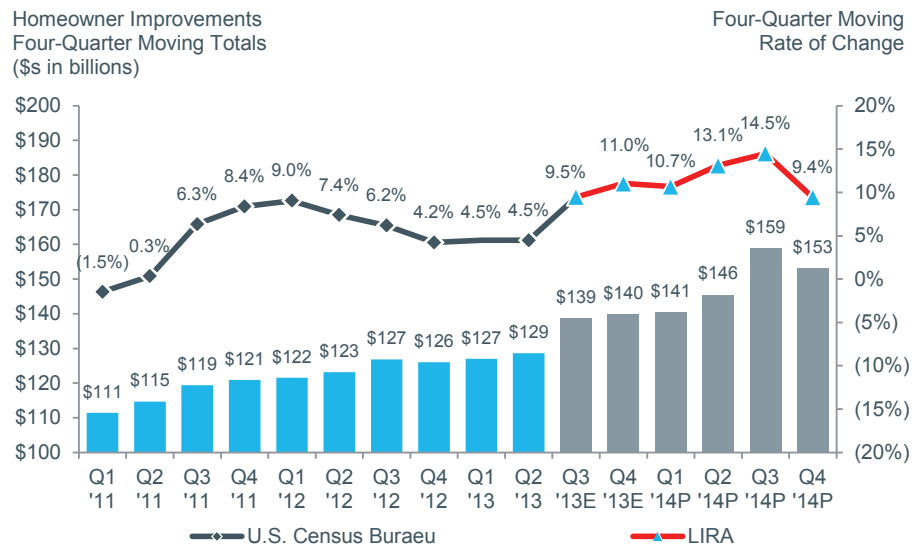
Monthly, Indexed to January 2000
*The S&P / Case-Shiller Home Price Indices are calculated monthly using a three-month moving average and published with a two-month lag
Source: S&P Dow Jones Indices LLC

Remodeling Activity and Spending

Leading Indicator of Remodeling Activity (LIRA)*

Based on the LIRA, home improvement spending is estimated to have increased 11.0% in Q4 2013, which is the highest quarterly increase since Q3 2006. Over the next two quarters, growth in spending is expected to remain strong at 13.0% or higher, before normalizing to a more moderate rate of 9.4% in Q4 2014. The near term increase in remodeling activity may be attributable to rising home prices, which has given homeowners the necessary confidence to start investing in their homes again.

LIRA (\$s in billions)*



*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.

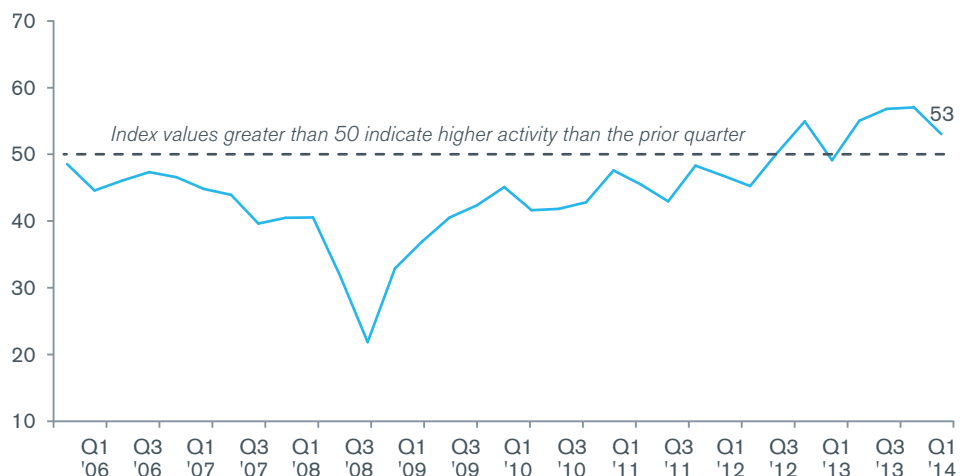
Note: The third and fourth quarter in 2013 is estimated due to the partial government shutdown in October 2013 that is distorting the actual figures of this quarter.

Source: Joint Center for Housing Studies of Harvard University

Remodeling Market Index (RMI)*

The RMI declined to 53 in Q1 2014 from the historically high level of 57 in Q4 2013 due primarily to the severe winter weather. While the overall RMI declined, smaller renovation jobs continue to show strength as the home maintenance and repair component of the RMI increased two points to 59 in Q1 2014, a historically high reading.

RMI*



Seasonally Adjusted

*An RMI above 50 indicates that more than half of the remodelers surveyed report market activity is higher than the prior quarter

Source: National Association of Home Builders

Non-Residential Construction

AIA Architectural Billings Index (ABI)*

The ABI, a leading indicator of future non-residential construction activity, dropped below 50 in March. The ABI declined to 48.8, down sharply from a mark of 50.7 in February. However, the index for new project inquiries was 57.9 in March, up from a reading of 56.8 the previous month.

Architectural Billings Index*

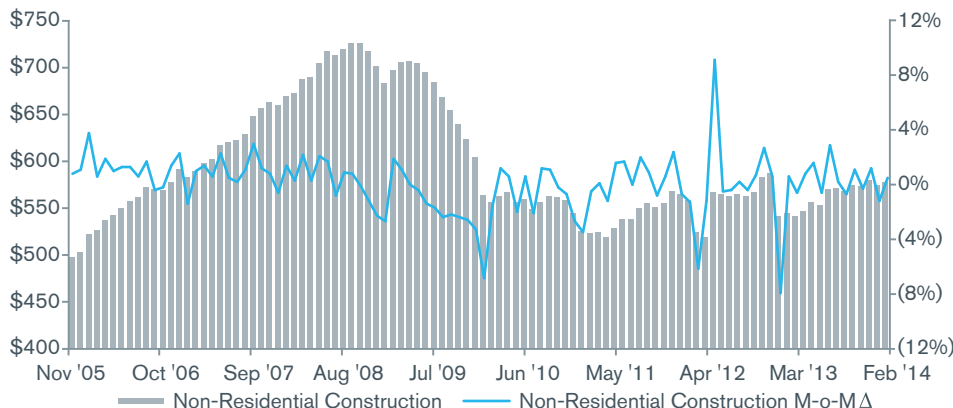


*The ABI is a representative survey conducted by the AIA in attempt to gauge whether architectural firms are reporting an increase or decrease in billing activity from month-to-month. A score above 50 indicates that more than half of the firms that responded are reporting an increase in activity that month compared to the previous month and vice versa.
Source: The American Institute of Architects (AIA)

Non-Residential Construction Put in Place

Non-residential construction increased in February by 0.6% over the prior month and increased by 6.1% over the same period a year ago. The month-over-month increase was driven by the private sector as total private construction increased 13.0% while total public construction declined 1.0% year-over-year.

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



Seasonally Adjusted Annual Rate
Source: U.S. Department of Commerce: Census Bureau

In February, the markets experiencing the most growth were communication and lodging. In comparison to the prior year, lodging and commercial construction spending experienced the most growth.

February LTM Construction Spending Summary

February 2014 Non-Residential Construction Spending Breakdown					
Non-Residential Buildings	M-o-M % Δ	Y-o-Y % Δ	Non-Building Structures	M-o-M % Δ	Y-o-Y % Δ
Lodging	2.9%	37.0%	Power	4.7%	7.1%
Office	0.2%	12.9%	Highway and street	1.3%	11.4%
Commercial	(0.3%)	8.6%	Sewage and waste disposal	(1.9%)	(5.0%)
Healthcare	0.4%	(4.3%)	Water supply	(10.0%)	(18.1%)
Educational	(1.1%)	(6.9%)	Conservation and development	5.3%	3.1%
Religious	(7.3%)	(22.6%)			
Public safety	(7.0%)	(10.5%)			
Amusement and recreation	1.7%	3.1%			
Transportation	(1.2%)	5.1%			
Communication	7.2%	52.0%			
Manufacturing	(0.1%)	16.7%			

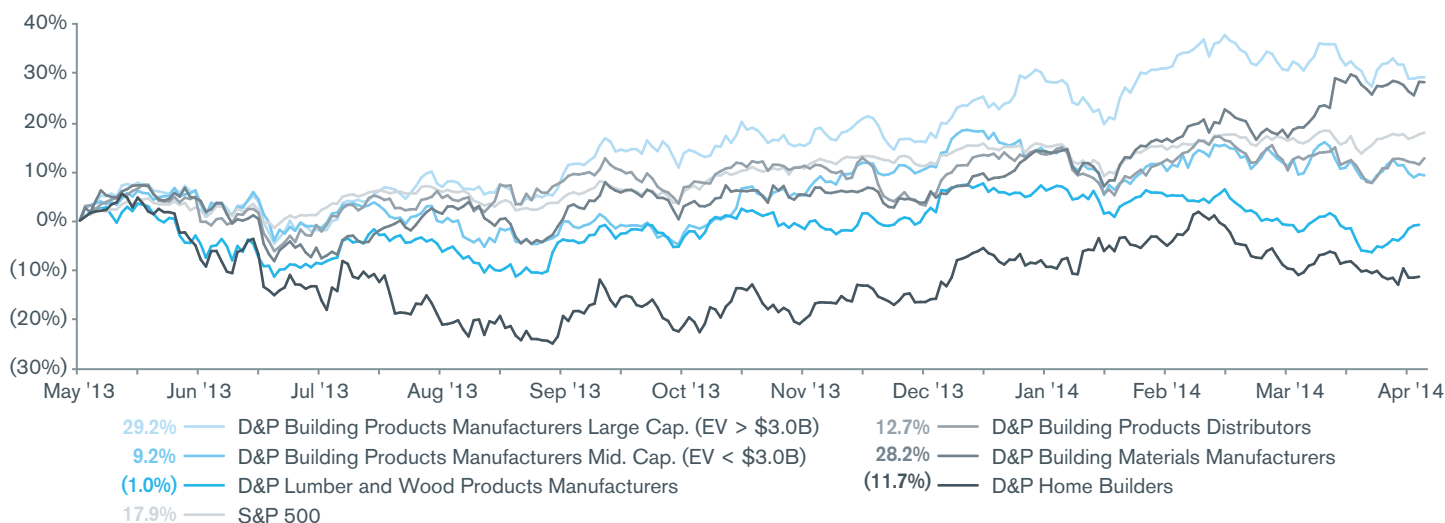
Seasonally Adjusted Annual Rate
Source: U.S. Department of Commerce: Census Bureau

Public Companies Valuation Trends

Equity Market Performance

Over the last 12 months, the stock price index for publicly traded, large cap (Enterprise Value > \$3.0 billion) building products manufacturers and building materials manufacturers outperformed the S&P 500. All other indices for the building products and materials industry, especially the home builders index, underperformed the S&P 500.

12-Month Indexed Stock Chart

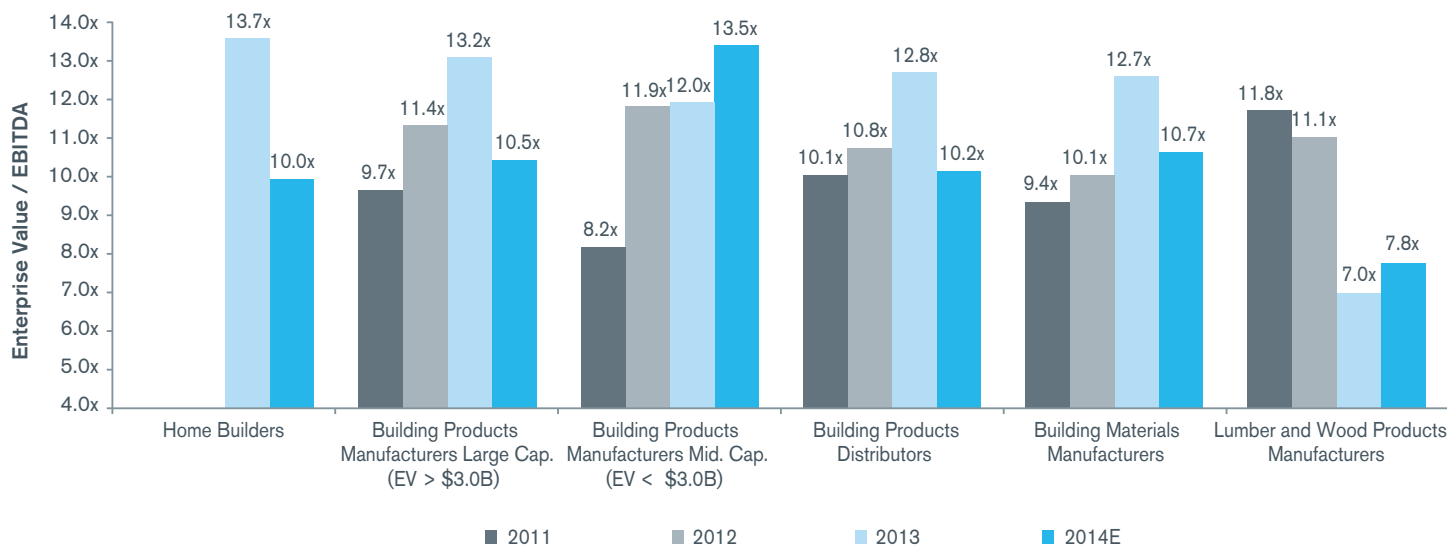


Source: Capital IQ

Valuation Trends

Valuation multiples for the industry as a whole have trended upward over the last few years as housing starts, building permits, remodeling and repair activity, and other industry drivers have improved.

Historical Median EV / EBITDA Trends by Sub-Sector



Source: Capital IQ

Public Companies Trading Analysis

(\$ in millions)

Company	4/30/14 Stock Price	% of 52 Wk High	Market Value	Enterprise Value	Enterprise Value as a Multiple of							LTM	
					Revenue			EBITDA					
					LTM	2014E	2015E	LTM	2014E	2015E	EBITDA Margin	Revenue Growth	
Building Products Manufacturers Large Cap. (EV > \$3.0B)													
Compagnie de Saint-Gobain	\$61.03	94.9%	\$33,655	\$44,559	0.77x	0.76x	0.73x	8.0x	7.2x	6.4x	9.7%	(2.7%)	
Masco Corporation	\$20.09	84.7%	\$7,163	\$9,379	1.14x	1.06x	0.98x	10.3x	8.7x	7.5x	11.0%	5.7%	
Owens Corning	\$40.85	87.6%	\$4,810	\$7,170	1.37x	1.28x	1.21x	9.4x	8.6x	7.5x	14.6%	0.9%	
Fortune Brands Home & Security, Inc.	\$39.85	83.2%	\$6,605	\$6,969	1.68x	1.50x	1.35x	14.7x	11.3x	9.4x	11.4%	15.8%	
USG Corporation	\$29.86	82.4%	\$4,313	\$6,411	1.78x	1.63x	1.46x	14.9x	10.5x	8.4x	12.0%	10.8%	
James Hardie Industries plc	\$12.73	88.4%	\$5,661	\$5,469	3.79x	3.70x	3.16x	18.9x	17.1x	13.9x	20.0%	10.8%	
Acuity Brands, Inc.	\$124.57	85.2%	\$5,293	\$5,238	2.34x	2.20x	2.00x	16.2x	14.8x	12.5x	14.5%	13.8%	
Lennox International, Inc.	\$83.83	88.5%	\$4,120	\$4,646	1.44x	1.38x	1.30x	13.1x	11.2x	9.8x	11.0%	7.4%	
Armstrong World Industries, Inc.	\$52.56	84.9%	\$2,881	\$3,869	1.42x	1.37x	1.27x	13.7x	9.3x	7.8x	10.4%	3.9%	
	Median	85.2%			1.44x	1.38x	1.30x	13.7x	10.5x	8.4x	11.4%	7.4%	
	Mean	86.6%			1.75x	1.65x	1.50x	13.2x	11.0x	9.2x	12.7%	7.4%	
Building Products Manufacturers Mid. Cap. (EV < \$3.0B)													
Nortek Inc.	\$82.16	96.1%	\$1,268	\$2,284	1.00x	0.97x	0.93x	10.8x	8.6x	7.8x	9.2%	3.9%	
Ply Gem Holdings, Inc	\$12.75	52.1%	\$865	\$1,612	1.18x	1.06x	0.93x	15.2x	13.2x	8.9x	7.7%	21.8%	
Simpson Manufacturing Co., Inc.	\$32.79	87.5%	\$1,604	\$1,392	1.93x	1.82x	1.67x	11.4x	10.2x	8.8x	16.9%	10.3%	
Headwaters Incorporated	\$12.48	89.3%	\$915	\$1,374	1.91x	1.76x	1.61x	12.6x	10.1x	8.7x	15.2%	11.4%	
Trex Co. Inc.	\$78.52	90.4%	\$1,315	\$1,312	3.83x	3.28x	2.85x	NM	14.3x	11.5x	11.9%	11.4%	
Griffon Corporation	\$10.64	74.2%	\$547	\$1,185	0.62x	0.61x	0.59x	7.9x	7.6x	6.7x	7.9%	3.7%	
Apogee Enterprises, Inc.	\$31.77	84.2%	\$920	\$912	1.18x	1.02x	0.93x	13.6x	9.7x	7.0x	8.7%	10.2%	
Quanex Building Products Corporation	\$18.84	86.3%	\$706	\$681	0.70x	0.99x	1.02x	12.7x	12.0x	9.8x	5.6%	13.6%	
Gibraltar Industries, Inc.	\$17.08	88.8%	\$526	\$643	0.78x	0.74x	0.71x	8.5x	NA	NA	9.1%	4.7%	
PGT, Inc.	\$9.95	78.9%	\$470	\$518	2.16x	1.81x	1.58x	14.3x	10.8x	7.9x	15.1%	37.1%	
Norcraft Companies, Inc.	\$15.88	80.1%	\$275	\$396	1.17x	1.06x	0.97x	11.2x	7.7x	6.5x	10.4%	17.6%	
American Woodmark Corp.	\$30.01	75.1%	\$466	\$365	0.52x	0.50x	0.45x	8.3x	7.0x	5.5x	6.2%	19.0%	
	Median	85.2%			1.17x	1.04x	0.95x	11.4x	10.1x	7.9x	9.2%	11.4%	
	Mean	81.9%			1.42x	1.30x	1.19x	11.5x	10.1x	8.1x	10.3%	13.7%	
Building Products Distributors													
Wolseley plc	\$57.77	95.0%	\$15,152	\$16,936	0.77x	0.76x	0.72x	12.7x	11.4x	10.0x	6.1%	4.2%	
Watsco Inc.	\$102.91	97.6%	\$3,342	\$3,833	1.01x	0.95x	0.89x	13.0x	11.7x	10.4x	7.7%	8.0%	
Lumber Liquidators Holdings, Inc.	\$87.16	72.6%	\$2,391	\$2,315	2.31x	1.96x	1.70x	17.1x	13.4x	10.7x	13.5%	23.0%	
Beacon Roofing Supply, Inc.	\$35.58	83.3%	\$1,752	\$1,922	0.84x	0.79x	0.73x	12.3x	10.3x	8.9x	6.9%	10.2%	
Builders FirstSource, Inc.	\$7.85	83.5%	\$769	\$1,060	0.70x	0.59x	0.51x	17.4x	10.3x	7.5x	4.0%	29.5%	
Bluelinx Holdings Inc.	\$1.31	47.6%	\$116	\$528	0.25x	NA	NA	NM	NA	NA	0.0%	12.8%	
Stock Building Supply Holdings, Inc.	\$17.31	74.2%	\$452	\$518	0.43x	0.36x	0.30x	21.9x	10.0x	6.2x	2.0%	27.0%	
CanWel Building Materials Group Ltd.	\$2.40	81.8%	\$138	\$248	0.36x	0.36x	0.34x	12.0x	9.9x	8.4x	3.0%	2.1%	
Taiga Building Products Ltd.	\$0.78	81.0%	\$25	\$243	0.21x	NA	NA	7.2x	NA	NA	3.0%	9.5%	
Hardwoods Distribution Inc.	\$9.79	97.0%	\$162	\$188	0.54x	0.47x	0.42x	9.4x	8.5x	6.9x	5.8%	21.3%	
Huttig Building Products Inc.	\$4.40	83.0%	\$108	\$184	0.32x	NA	NA	17.6x	NA	NA	1.8%	8.3%	
Goodfellow Inc.	\$8.66	91.9%	\$74	\$115	0.26x	NA	NA	9.4x	NA	NA	2.8%	(3.8%)	
	Median	83.2%			0.49x	0.68x	0.61x	12.7x	10.3x	8.6x	3.5%	9.9%	
	Mean	82.4%			0.67x	0.78x	0.70x	13.6x	10.7x	8.6x	4.7%	12.7%	

Source: Capital IQ

Public Companies Trading Analysis (cont.)

(\$ in millions)

Company	4/30/14 Stock Price	% of 52 Wk High	Market Value	Enterprise Value	Enterprise Value as a Multiple of						LTM	
					Revenue			EBITDA				
					LTM	2014E	2015E	LTM	2014E	2015E	EBITDA Margin	Revenue Growth
Building Materials Manufacturers												
Lafarge S.A.	\$91.30	97.5%	\$26,236	\$43,279	2.07x	2.12x	1.98x	10.6x	9.3x	8.2x	19.6%	(3.9%)
Holcim Ltd.	\$91.55	93.6%	\$29,806	\$40,871	1.85x	1.81x	1.69x	9.3x	8.5x	7.5x	19.8%	(6.8%)
CEMEX, S.A.B. de C.V.	\$12.64	91.5%	\$14,981	\$32,559	2.18x	2.01x	1.86x	12.5x	10.6x	9.0x	17.4%	(0.7%)
HeidelbergCement AG	\$86.78	92.1%	\$16,307	\$28,090	1.46x	1.44x	1.35x	8.7x	7.9x	7.2x	16.7%	(0.6%)
CRH plc	\$28.99	95.6%	\$21,264	\$25,750	1.04x	0.99x	0.93x	17.4x	10.8x	9.3x	6.0%	(0.3%)
Vulcan Materials Company	\$64.53	92.8%	\$8,435	\$10,763	3.88x	3.70x	3.32x	23.5x	18.3x	14.8x	16.6%	7.9%
Martin Marietta Materials Inc.	\$124.33	95.6%	\$5,744	\$6,776	3.49x	2.85x	2.60x	17.3x	14.1x	11.7x	20.2%	6.0%
Eagle Materials Inc.	\$83.33	88.4%	\$4,164	\$4,549	NM	NM	NA	21.0x	16.1x	11.4x	25.0%	44.5%
Titan Cement Company S.A.	\$31.47	86.8%	\$2,432	\$3,348	2.07x	1.92x	1.75x	13.6x	10.4x	8.7x	15.2%	4.0%
Texas Industries Inc.	\$86.70	95.5%	\$2,499	\$3,110	3.60x	3.42x	2.88x	NM	NM	15.0x	10.2%	34.5%
U.S. Concrete, Inc.	\$24.62	86.0%	\$346	\$447	0.73x	NA	NA	11.0x	NA	NA	6.6%	15.8%
	Median	92.8%			2.07x	2.01x	1.86x	13.1x	10.6x	9.1x	16.7%	4.0%
	Mean	92.3%			2.24x	2.25x	2.04x	14.5x	11.8x	10.3x	15.7%	9.1%
Home Builders												
Lennar Corp.	\$38.59	86.9%	\$7,698	\$12,634	2.00x	1.66x	1.39x	16.1x	11.1x	9.3x	12.5%	44.3%
DR Horton Inc.	\$22.28	80.3%	\$7,247	\$10,182	1.46x	1.40x	1.17x	12.0x	10.2x	8.0x	12.1%	34.0%
Toll Brothers Inc.	\$34.24	85.7%	\$6,084	\$8,019	2.77x	2.07x	1.71x	NM	13.0x	9.9x	9.3%	45.7%
PulteGroup, Inc.	\$18.39	75.2%	\$6,963	\$7,568	1.34x	1.32x	1.16x	11.7x	7.9x	7.0x	11.5%	10.5%
NVR, Inc.	\$1,077.00	88.2%	\$4,839	\$4,566	1.07x	1.01x	0.89x	10.3x	9.4x	7.7x	10.4%	26.8%
Standard Pacific Corp.	\$7.99	80.1%	\$2,224	\$3,809	1.96x	1.59x	1.31x	15.0x	7.8x	6.4x	13.1%	54.1%
KB Home	\$16.51	65.7%	\$1,383	\$3,255	1.52x	1.33x	1.10x	NM	14.5x	10.2x	5.4%	25.2%
Ryland Group Inc.	\$38.39	76.1%	\$1,787	\$2,738	1.21x	1.03x	0.85x	11.6x	8.3x	6.5x	10.5%	53.7%
Hovnanian Enterprises Inc.	\$4.46	65.6%	\$650	\$2,330	1.25x	1.14x	0.96x	22.8x	12.6x	8.9x	5.5%	18.0%
Meritage Homes Corporation	\$38.58	72.9%	\$1,509	\$2,153	1.14x	0.97x	0.80x	10.0x	8.1x	6.8x	11.4%	42.7%
MDC Holdings Inc.	\$27.60	67.4%	\$1,347	\$1,789	1.06x	0.99x	0.82x	16.2x	16.9x	14.4x	6.6%	39.7%
Beazer Homes USA Inc.	\$18.96	74.8%	\$501	\$1,635	1.23x	1.15x	0.98x	NM	17.5x	12.6x	4.3%	25.4%
M/I Homes, Inc.	\$22.27	79.9%	\$545	\$934	0.86x	0.72x	0.62x	11.7x	11.8x	NA	7.4%	31.6%
	Median	76.1%			1.25x	1.15x	0.98x	11.9x	11.1x	8.5x	10.4%	34.0%
	Mean	76.8%			1.45x	1.26x	1.06x	13.7x	11.5x	9.0x	9.2%	34.8%
Lumber and Wood Products Manufacturers												
Weyerhaeuser Co.	\$29.85	89.8%	\$17,461	\$22,123	2.58x	2.45x	2.27x	12.9x	12.2x	10.5x	20.0%	13.9%
West Fraser Timber Co. Ltd.	\$44.68	82.4%	\$3,828	\$4,146	1.34x	1.19x	1.12x	8.7x	6.1x	5.0x	15.4%	7.5%
Canfor Corp.	\$22.67	82.9%	\$3,170	\$3,606	1.20x	1.13x	1.04x	7.2x	5.6x	4.8x	16.5%	20.9%
Louisiana-Pacific Corp.	\$16.39	80.5%	\$2,315	\$2,423	1.16x	1.13x	0.95x	8.9x	9.6x	5.4x	13.1%	23.3%
Norbord, Inc.	\$24.48	72.7%	\$1,308	\$1,540	1.15x	1.20x	1.06x	5.4x	7.8x	5.3x	21.3%	16.9%
Universal Forest Products Inc.	\$50.49	86.3%	\$1,008	\$1,164	0.47x	0.42x	0.37x	10.4x	8.1x	6.7x	4.5%	14.8%
Ainsworth Lumber Co. Ltd.	\$3.43	89.2%	\$826	\$1,014	2.21x	1.70x	1.51x	7.5x	7.0x	4.1x	29.4%	19.3%
	Median	82.9%			1.20x	1.19x	1.06x	8.7x	7.8x	5.3x	16.5%	16.9%
	Mean	83.4%			1.44x	1.32x	1.19x	8.7x	8.1x	6.0x	17.2%	16.6%

Source: Capital IQ

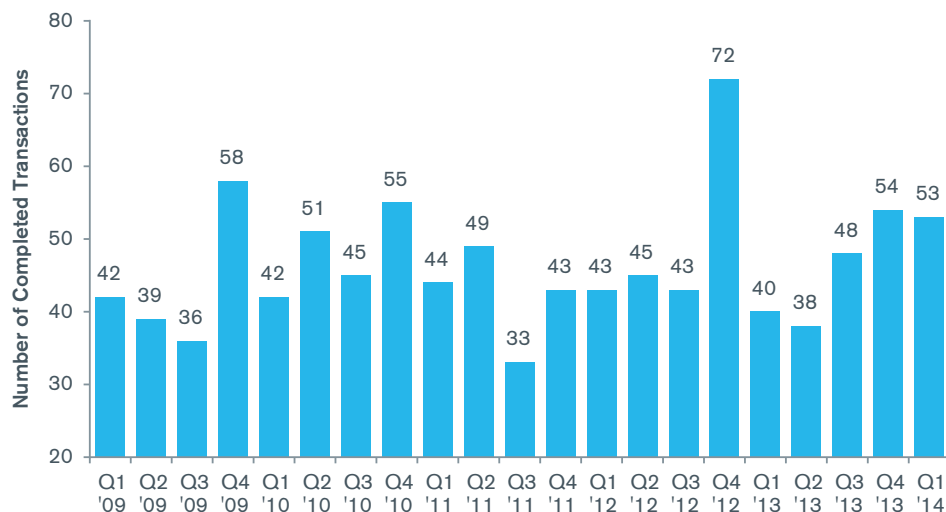
Q1 2014 M&A Activity

Building Products and Materials M&A Trends

M&A activity in the sector remained steady in Q1 2014 with 53 completed transactions involving target companies headquartered in the U.S. or Canada.

There remains strong acquisition interest from private equity firms and select strategics, but activity has been soft due to a lack of sellers. This dynamic, coupled with an increase in availability of debt capital, has led to a rise in acquisition multiples. While a recent slowdown in the housing market recovery has only had a modest impact on valuations to date, further loss of momentum in the recovery could adversely affect valuations and deal flow.

Building Products & Materials Quarterly M&A Trends



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

Source: Thomson SDC Platinum

Notable M&A Activity – Q1 2014

Date Announced	Target	Target Country	Acquirer	Target Business Description
Building Products Distributors				
Feb-14	Dell Fastener Corporation	United States	AFC Industries, Inc.	Supplies stainless steel and metric fasteners, safety wire locking clips and adhesives
Feb-14	Gypsum Management and Supply, Inc.	United States	AEA Investors LP	Distributes drywall, acoustical and other specialty building materials
Feb-14	E. B. Bradley Co., Inc.	United States	PSP Capital Partners, LLC	Distributes specialty hardware and surfacing products
Jan-14	CMH Space Flooring Products, Inc.	United States	J.J. Haines & Co. Inc.	Distributes flooring products throughout the Southeast and Mid-Atlantic United States
Jan-14	JEH Company Inc., Certain Assets	United States	CRH plc	Distributes roofing products
Building Products Manufacturers				
Mar-14	Pyramid Mouldings Inc.	United States	Roller Die + Forming, Inc.	Provides custom roll formed products and extrusions for fence posts, door and window sections and housing and commercial building frames
Mar-14	ET Industries Inc.	Canada	Protoplast Inc.	Designs, manufactures and distributes kitchen and bath products
Mar-14	Reid and Wright, Inc.	United States	Cedar Creek, LLC	Manufactures and distributes lumber, building materials and specialty products
Mar-14	E-M Air Systems Inc.	Canada	Numero Uno Web Solutions Inc.	Engages in the manufacture, sale, custom design, installation, and service of commercial, residential, and industrial heating, ventilation and air conditioning systems
Feb-14	New Holland Concrete, Masonry, Construction Supplies and Commercial Door Division	United States	York Building Products Co., Inc.	Comprises three divisions namely Masonry Products, Construction Supplies and Doors & Hardware
Feb-14	Farley Group Inc.	Canada	KP Building Products Inc.	Designs, manufactures and sells vinyl windows and doors for replacement and new construction applications
Feb-14	Leafguard-Midlands, LLC	United States	LeafGuard by Beldon, Inc.	Provides gutter systems
Feb-14	Victor Oolitic Stone Company	United States	Indiana Commercial Finance, LLC	Provides Indiana limestone for residential, commercial, institutional and landscape designs
Feb-14	Faus Group, Inc.	United States	Q.E.P. Co., Inc.	Manufactures wood, stone and ceramic flooring products

Source: Capital IQ

Q1 2014 M&A Activity (cont.)

Notable M&A Activity – Q1 2014 (cont.)

Date Announced	Target	Target Country	Acquirer	Target Business Description
Building Products Manufacturers (cont.)				
Feb-14	General Tools and Instruments Company LLC	United States	High Road Capital Partners; Babson Capital Management LLC	Develops specialty hand tools and electronic test instruments
Jan-14	The Alberene Soapstone Company, LLC	United States	Polycor Inc.	Produces American soapstone for countertops and vanities, tiles and flooring, patios and pools
Jan-14	Blomberg Building Materials Inc.	United States	Jeremy Drucker and certain unidentified investors	Manufactures aluminum-frame windows and doors
Building Materials Manufacturers				
Mar-14	National East Ready Mix Corporation	Canada	Innocon, Inc.	Manufactures concrete
Mar-14	T&S Ventures, LLC, Ready-Mix Assets	United States	Ingram Concrete LLC	Manufactures ready-mixed concrete plants
Mar-14	Reid and Wright, Inc.	United States	Cedar Creek, LLC	Manufactures and distributes lumber, building materials and specialty products
Mar-14	Magnificent Manufacturing	United States	Management	Manufactures architectural tile and custom materials
Feb-14	Young Ready-Mix, Inc.	United States	Ingram Concrete LLC	Manufactures ready-mix concrete material for the construction industry
Jan-14	Texas Industries Inc.	United States	Martin Marietta Materials Inc.	Manufactures and distributes heavy construction materials in the Southwestern United States
Jan-14	James Dick Construction Limited, Eight Ready-Mix Manufacturing Plants	Canada	Lafarge Canada Inc.	Eight ready-mix concrete manufacturing plants
Jan-14	Florida Rock Industries, Inc. and Florida Cement, Inc.	United States	Argos Ready Mix LLC; Argos Cement LLC	Manufactures and markets construction materials
Jan-14	Lafarge S.A., 5 Aggregates Quarries and Related Assets in Maryland	United States	Bluegrass Materials Company, LLC	Five aggregates quarries and related assets
Jan-14	W.T. Congleton Co.	United States	Irving Materials, Inc.	Manufactures ready mix concrete
Jan-14	Arxx Building Products, Inc.	Canada	Airlite Plastics Co.	Engages in designing, manufacturing and marketing of insulating concrete forms (ICFs) for residential and commercial construction
Homebuilders				
Mar-14	Royal Oak Homes LLC	United States	AV Homes, Inc.	Community homebuilding company that builds homes and townhomes in Central Florida
Mar-14	Mangano Homes, Inc.	United States	Wathen Castanos Hybrid Homes Inc.	Builds semi-custom homes and commercial projects in Central Coast and Central Valley communities
Feb-14	Edward Andrews Homes, LLC	United States	The Carlyle Group LP; Carlyle Realty Partners VI, L.P.	Engages in designing, developing, building and selling residential properties in Atlanta
Lumber and Wood Manufacturers				
Mar-14	Upshur Forest Products, LLC	United States	Universal Forest Products Inc.	Operates a sawmill and manufactures lumber
Mar-14	American Hardwood Industries, Inc.	United States	Baillie Lumber Co., Inc.	Produces and sells hardwood logs, lumber and flooring products for customers in North America, Asia, the Middle East and Europe
Mar-14	Brands Inc.	United States	Bender Lumber Company, Inc.	Provides lumber products and building materials
Mar-14	Travis Lumber Company, Inc.	United States	West Fraser Timber Co. Ltd.	Operates a sawmill and manufactures lumber
Feb-14	Canadian Forest Products, Ltd., Daaquam Sawmill	Canada	Groupe Lebel inc.	Operates a sawmill and manufactures lumber
Feb-14	WoodEx Industries Ltd.	Canada	Jemi Fibre Corp.	Operates a sawmill and manufactures lumber
Feb-14	Tolleson Lumber Company, Inc.	United States	International Forest Products Ltd.	Manufactures lumber products
Jan-14	Richardson Industries, Inc., Lumber Division	United States	Drexel Building Supply, Inc.	Manufactures lumber products

Source: Capital IQ

Duff & Phelps is a Leading Financial Advisor to the Building Products and Materials Sectors

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Ongoing

Project Sunrise

Building materials supplier to residential and light commercial market segments

Sell Side Advisor

Ongoing

Project Touchstone

Distributes, installs and repairs floor covering products for multi-family housing

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August 2013

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has been acquired by



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has been acquired by



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