



Building Products and Materials Industry Insights

Fourth Quarter 2014

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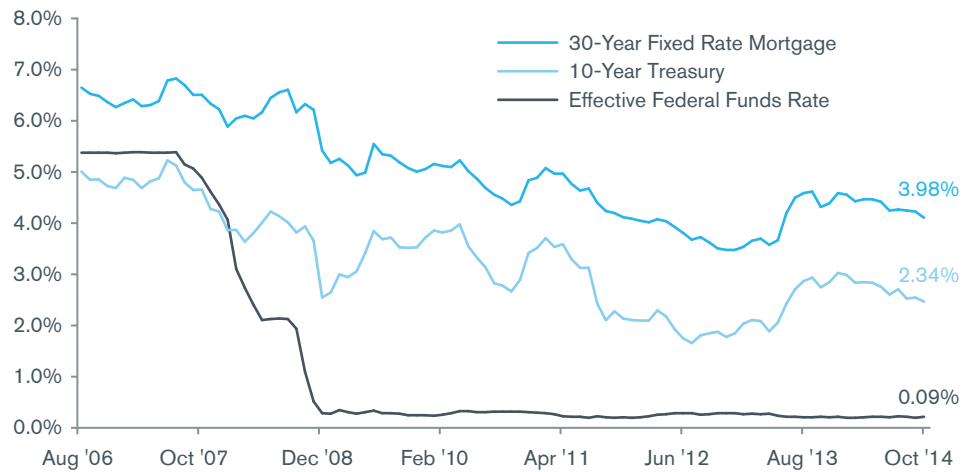
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Housing Indicators

Key Interest Rates

The 30-year mortgage rate declined in October 2014 to 3.98%, which is near its 16-month low. The current 30-year rate is 21 basis points lower than the rate from a year ago. Despite the end of the Fed's bond buying program, global concerns have led to a rise in demand for the 10-year treasury note driving down its yield and, likewise, mortgage rates. The drop in rates have spurred refinancing activity. Mortgage applications for refinancing rose 18.8% month-over-month in October to an eight-month high.

Key Interest Rates – Monthly Trends



Seasonally Adjusted

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

Consumer Confidence Index (CCI)

The CCI reached a seven year high in October 2014 increasing to 94.5. This sharp increase was preceded by a considerable decline in September to 89.0 from 93.4 in August. The CCI is up 29.3% since October 2012 and 30.5% from a year ago. The continued upward momentum is a clear indicator that consumers have an optimistic outlook on the economy, which bodes well for future housing and remodeling activity.

Consumer Confidence Index



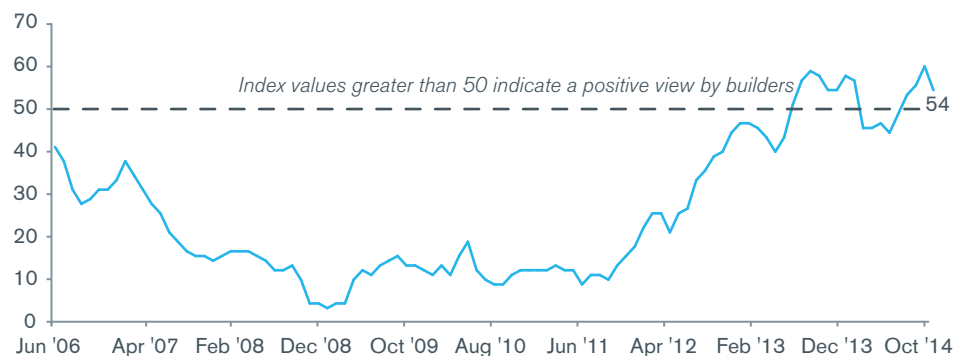
Indexed to 1985

Source: The Conference Board

NAHB Housing Market Index (HMI)

The HMI, a measure of builder confidence, fell to 54 in October 2014 after rising to a nine-year high of 59 in September. The HMI has remained above 50 for four consecutive months, indicating that home builders maintain a positive view on future housing activity.

NAHB Housing Market Index (Builders Confidence)



Seasonally Adjusted

Source: National Association of Home Builders

Housing Starts

National Housing Starts

U.S. housing starts in September were at a seasonally adjusted annual rate of 1,017,000, which is up 6.3% compared to August and up 17.8% from the same month a year ago.

The increase in housing starts in September is likely attributable to a surge in multi-family construction and recovery from a sharp decline in August. Construction of new single family homes, which accounts for approximately two-thirds of the market, increased just 1.1% in September.

In the third quarter of 2014, actual housing starts were up 15.5% over the same quarter a year ago.

U.S. Housing Starts (units in thousands)



Q3 2014 Unadjusted Housing Starts: 280 Year-over-Year Δ: 15.5%

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

Regional Housing Starts

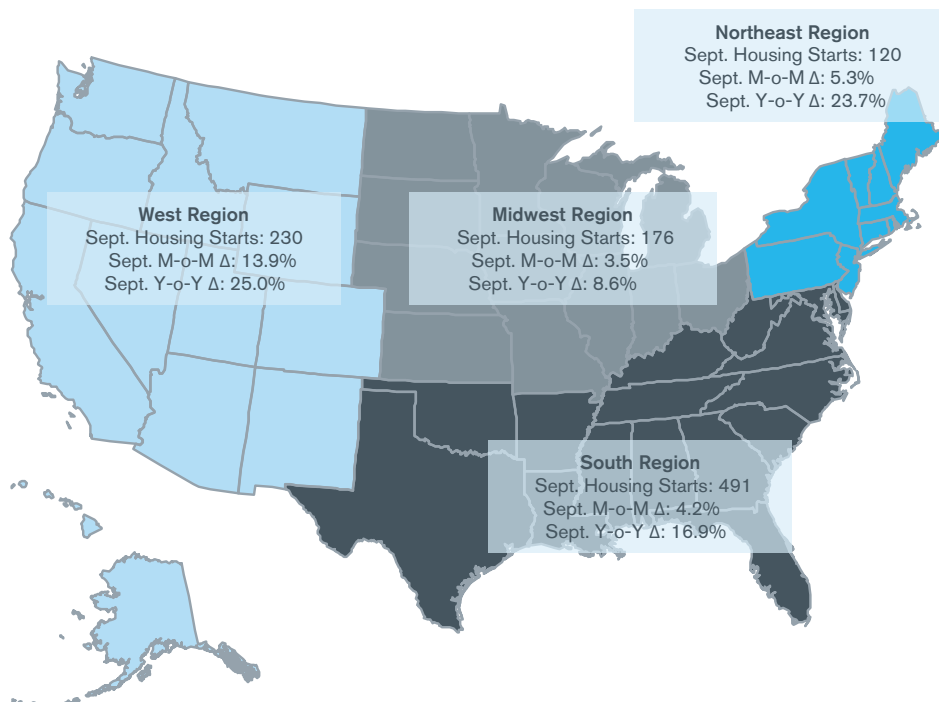
National housing starts, on a seasonally adjusted annualized basis, exceeded the million-mark for the third time this year, with each region reporting a month-over-month and year-over-year gain.

The West Region was the strongest performer with starts up 13.9% in September over the prior month and up 25.0% over September 2013.

The Northeast also performed well with starts up 5.3% compared to the prior month and up 23.7% over September 2013.

The South and Midwest increased 4.2% and 3.5%, over the prior month.

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, a bellwether of future construction activity, increased in September to a seasonally adjusted annual rate of 1,018,000, which is 1.5% above August permits and 4.5% above September 2013.

In the third quarter of 2014, actual building permits were up 5.2% over the same quarter a year ago.

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



Q3 2014 Unadjusted Actual Building Permits: 274 **Year-over-Year Δ: 5.2%**

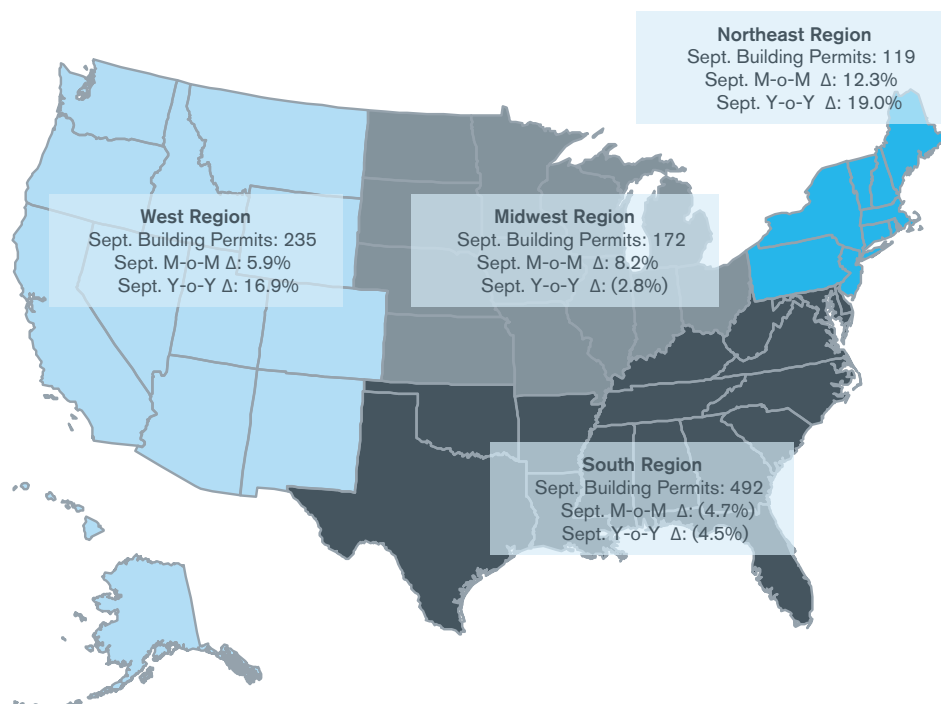
Seasonally Adjusted Annual Rate
Source: U.S. Department of Commerce: Census Bureau

Regional Building Permits

The Northeast, Midwest and West regions all experienced an increase in building permits in September reporting increases of 12.3%, 8.2%, and 5.9%, respectively, over August.

The South was the only region to experience a decline in September of 4.7% compared to August.

Authorized Building Permits by Region (units in thousands)



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

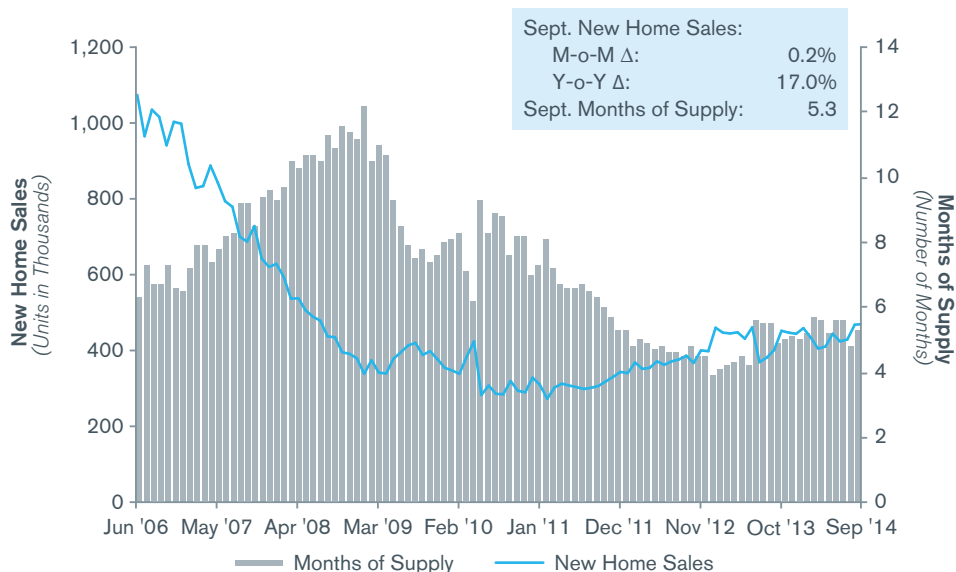
Home Sales and Supply

New Home Sales and Supply

New home sales in September were at a seasonally adjusted annual rate of 467,000, which is 0.2% higher than August and 17.0% higher than September 2013. For the year to date through September, new home sales are up 1.8% from the same period a year ago. The rise in new home sales is due to the declining mortgage rates, increasing consumer confidence and a gradually improving economy.

The inventory of new homes increased to 5.3 months in September, a 10.4% increase from August.

New Homes – Sales and Months of Supply



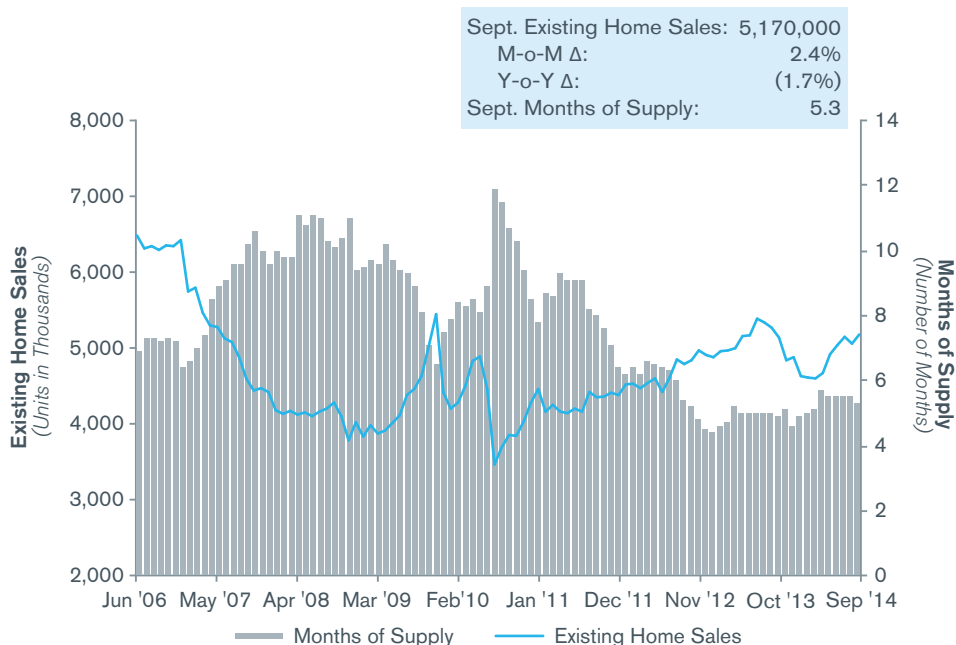
New Home Sales: Seasonally Adjusted Annual Rate
Months Supply: Seasonally Adjusted at Current Sales Rates
Source: U.S. Department of Commerce: Census Bureau

Existing Home Sales and Supply

Existing home sales increased in September to an annual rate of 5,170,000, which is 2.4% higher than August and 1.7% lower than September 2013. Sales of condominiums and co-ops have outpaced sales of existing single-family homes with growth rates of 5.2% and 2.0%, respectively, in September.

The inventory of existing homes has remained relatively unchanged over the last five months with 5.3 months of supply in September compared to 5.5 months in August.

Existing Homes – Sales and Months of Supply



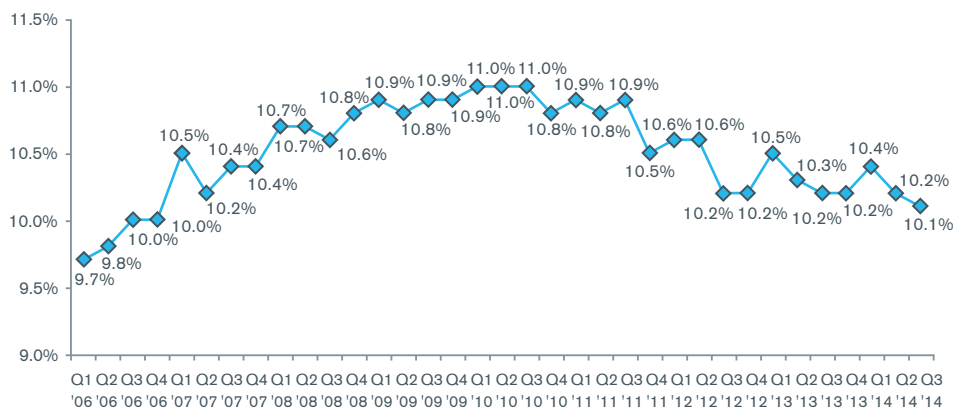
Existing Home Sales: Seasonally Adjusted Annual Rate
Months Supply: Not Seasonally Adjusted
Source: U.S. Department of Commerce: Census Bureau

Vacancy Rates and Household Formations

Monthly Vacancy Rates

Vacancy rates have generally been trending downward since peaking in Q2 2010. Vacancy rates decreased slightly to 10.1% in Q3 2014 from 10.2% in Q2 2014, and are at the lowest level recorded since the housing market downturn.

U.S. Year-Round Vacancy Rates



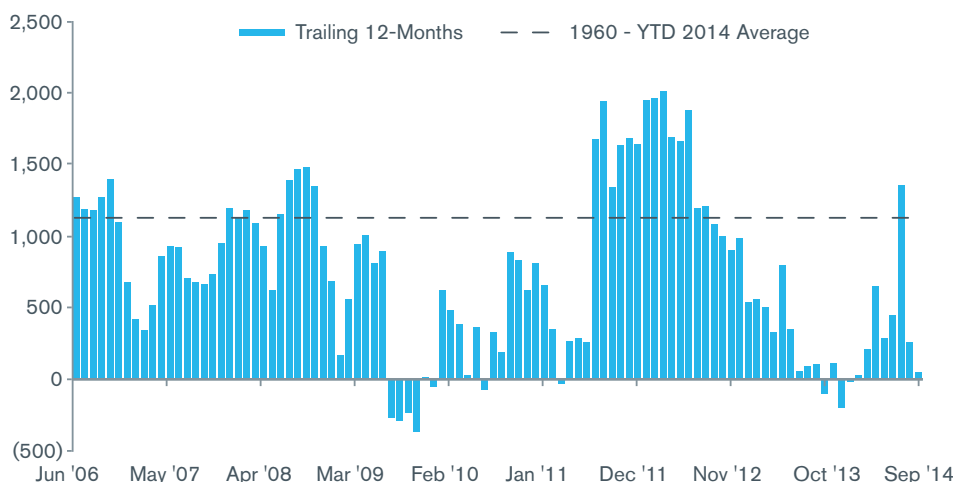
Source: U.S. Department of Commerce: Census Bureau

Household Formations

Household formation, which is a key driver of home sales, continues to remain weak as millennials continue to struggle with mounting student-loan debt and high unemployment rates, and rising home prices may be deterring many potential first-time home buyers.

Despite the housing market recovery, the lack of new household formations may limit the growth and sustainability of the market.

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



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

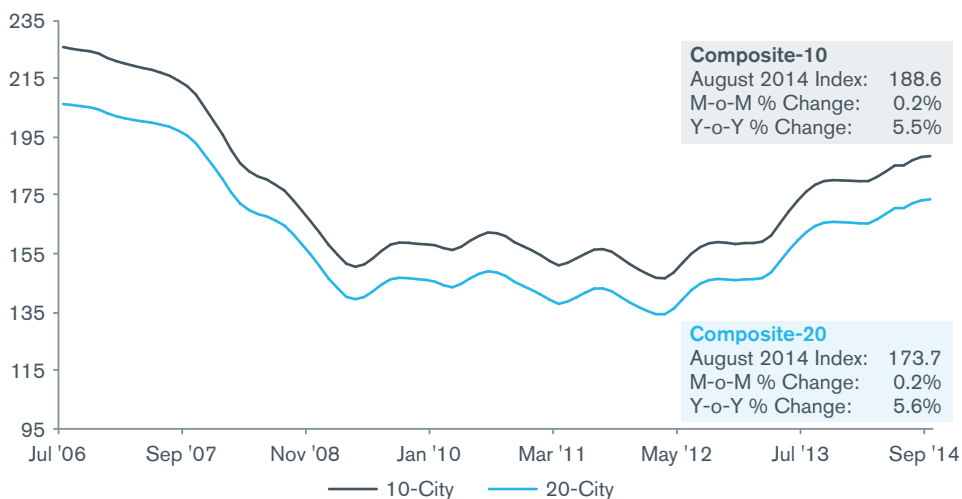
Trends in U.S. Home Prices

S&P / Case-Shiller Home Price Indices*

The 10-City and 20-City home price indices increased slightly in August 2014. The 20-City index as of August was 5.6% higher than the same month a year ago and 0.2% higher compared to July 2014.

Despite the recent increase, both indices remain well below their peak in April 2006. The 20-City index is 15.9% below its peak.

S&P / Case-Shiller Indices*



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

Miami, Las Vegas and San Francisco continue to experience the largest year-over-year increases in prices; however, San Francisco was one of only three cities in the 20-city index to report a month-over-month decline in August.

The cities reporting the largest month-over-month increases in August were Detroit, Dallas, Denver and Las Vegas.

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

August 2014 – Composite 10			August 2014 – Composite 20		
Metropolitan Area	M-o-M % Δ	Y-o-Y % Δ	Metropolitan Area	M-o-M % Δ	Y-o-Y % Δ
Miami	0.3%	10.5%	Miami	0.3%	10.5%
Las Vegas	0.5%	10.1%	Las Vegas	0.5%	10.1%
San Francisco	(0.4%)	9.0%	San Francisco	(0.4%)	9.0%
Los Angeles	0.0%	6.8%	Dallas	0.5%	7.3%
Denver	0.5%	6.3%	Portland	0.3%	7.2%
San Diego	(0.1%)	6.2%	Detroit	0.8%	7.0%
Boston	0.1%	5.0%	Los Angeles	0.0%	6.8%
New York	0.4%	3.1%	Seattle	0.0%	6.6%
Washington D.C.	0.0%	3.0%	Denver	0.5%	6.3%
Chicago	0.4%	2.9%	San Diego	(0.1%)	6.2%
Composite-10	0.2%	5.5%	Tampa	0.2%	5.5%
			Atlanta	0.4%	5.3%
			Boston	0.1%	5.0%
			Phoenix	0.2%	4.3%
			Minneapolis	0.3%	3.9%
			New York	0.4%	3.1%
			Washington D.C.	0.0%	3.0%
			Chicago	0.4%	2.9%
			Charlotte	(0.1%)	2.5%
			Cleveland	0.3%	0.8%
			Composite-20	0.2%	5.6%

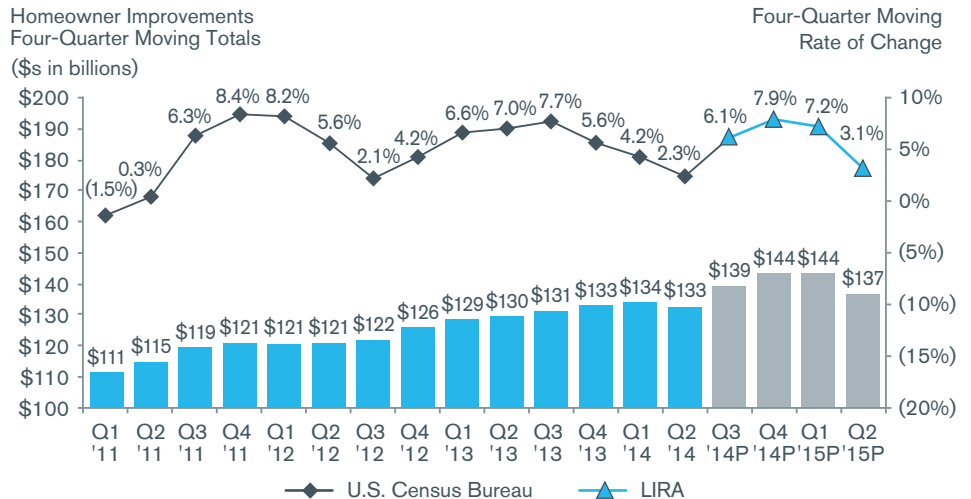
Monthly, Indexed to January 2000
*The S&P / Case-Shiller Home Price Indices are calculated monthly using a three-month moving average and published with a two-month lag
Source: S&P Dow Jones Indices LLC

Remodeling Activity and Spending

Leading Indicator of Remodeling Activity (LIRA*)

According to the LIRA, home improvement spending is estimated to have increased 6.1% in Q3 2014. Over the next two quarters, growth in spending is expected to remain between 7.0% and 8.0%, before slowing down to 3.1% in Q2 2015. The near-term increase in remodeling activity is likely attributable to rising home prices, which have given homeowners confidence to invest in their homes.

LIRA* (\$s in billions)



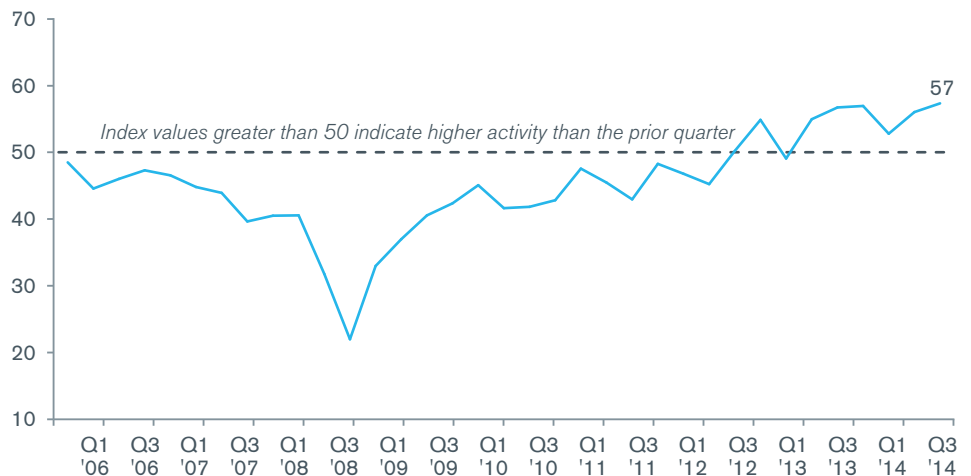
*The LIRA represents the estimated annual rate of change in spending for the current quarter and subsequent three quarters. This annual or moving four-quarter rate of change compares total spending in any given four quarter period to the total spending that occurred in the four quarters prior to that period.

Source: Joint Center for Housing Studies of Harvard University

Remodeling Market Index (RMI*)

The RMI reached a near term high of 57 in Q3 2014 likely due to increasing consumer confidence and household financial stability. The reported index value of 57 in Q3 marks the sixth consecutive quarter the RMI has been above 50 indicating continued strength in remodeling activity.

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, has remained above 50 for five consecutive months. The ABI increased to 55.2 in September. It is believed that there is a nine to twelve month lag between architectural billings and construction spending so the recent increase in the ABI suggests that construction activity will remain strong for the remainder of 2014 and first half of 2015.

Architectural Billings Index*

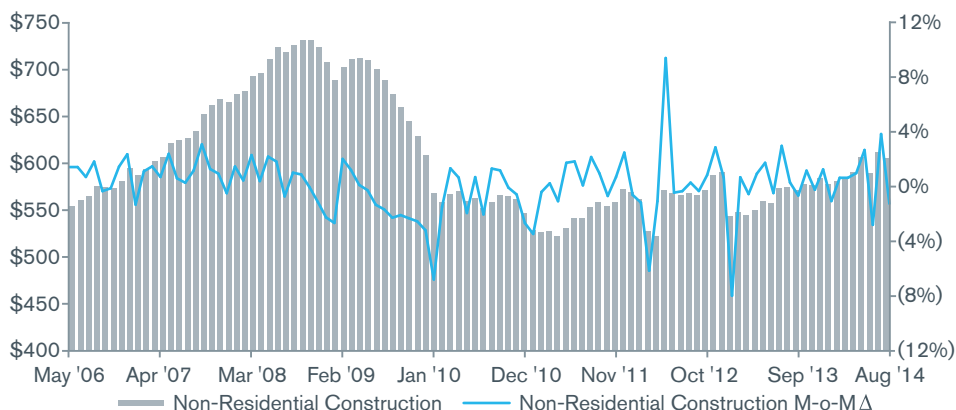


*The ABI is a representative survey conducted by the AIA in attempt to gauge whether architectural firms are reporting an increase or decrease in billing activity from month-to-month. A score above 50 indicates that more than half of the firms that responded are reporting an increase in activity that 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 decreased in August by 0.8% over the prior month and increased by 6.3% over the same period a year ago. The month-over-month decrease was driven by decreased spending in several sectors including power, education, transportation, water supply, public safety and commercial.

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



Seasonally Adjusted Annual Rate

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

August LTM Construction Spending Summary

August 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
Office	1.1%	14.7%	Conservation and development	(2.5%)	22.1%
Commercial	(3.1%)	13.2%	Power	(3.4%)	15.9%
Amusement and recreation	0.9%	12.8%	Sewage and waste disposal	0.8%	(0.4%)
Religious	0.9%	11.7%	Highway and street	(0.6%)	(0.7%)
Manufacturing	1.7%	11.1%	Water supply	(4.0%)	(10.5%)
Lodging	0.9%	6.7%			
Communication	3.4%	2.1%			
Educational	(2.0%)	(1.3%)			
Transportation	(2.9%)	(2.1%)			
Healthcare	(0.6%)	(5.7%)			
Public safety	(5.0%)	(7.1%)			

Seasonally Adjusted Annual Rate

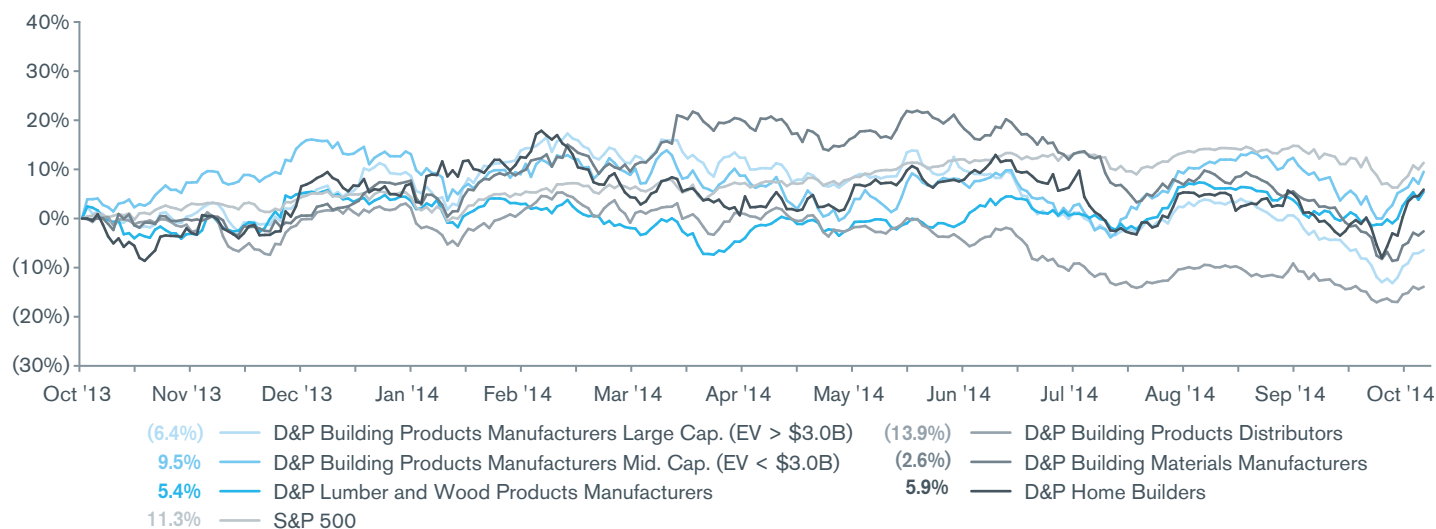
Source: U.S. Department of Commerce: Census Bureau

Public Companies Valuation Trends

Equity Market Performance

Over the last 12 months, the stock price index for publicly traded building products and materials companies, home builders and lumber and wood products manufacturers have underperformed the S&P 500. Investor concern regarding weak housing starts and new home sales data this past summer may have negatively impacted stock prices and the indices relative performance to the S&P 500 Index.

12-Month Indexed Stock Chart

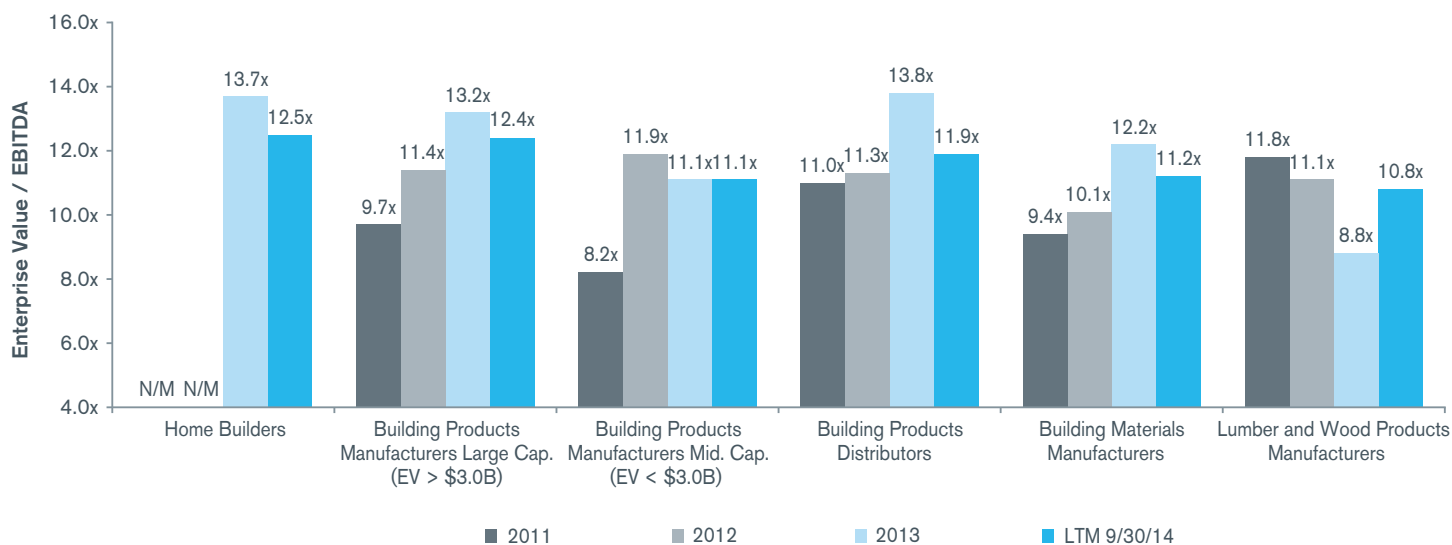


Source: Capital IQ

Valuation Trends

Valuation multiples for the industry as a whole have trended upward over the last few years likely due to rising stock prices and anticipation of higher earnings in the future as housing starts, building permits, remodeling and repair activity and other industry drivers indicate a market recovery. Over the last few months, valuation multiples declined slightly in several sectors in accordance with the overall market, but have now almost fully recovered.

Historical Median EV / EBITDA Trends by Sub-Sector



Source: Capital IQ

Public Companies Trading Analysis

(\$ in millions)

Company	10/31/14 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	\$42.89	73.8%	\$24,331	\$35,471	0.62x	0.64x	0.61x	6.3x	6.1x	5.5x	9.9%	(1.0%)
Masco Corporation	\$22.07	88.6%	\$7,863	\$9,941	1.19x	1.15x	1.07x	10.3x	9.7x	8.5x	11.5%	7.8%
Fortune Brands Home & Security, Inc.	\$43.25	90.3%	\$6,823	\$7,335	1.69x	1.62x	1.47x	14.2x	12.7x	10.4x	11.9%	14.5%
Owens Corning	\$32.06	68.7%	\$3,770	\$5,954	1.12x	1.10x	1.03x	9.0x	8.1x	6.9x	12.4%	1.9%
USG Corporation	\$26.86	74.2%	\$3,887	\$5,795	1.57x	1.54x	1.39x	12.8x	10.8x	8.5x	12.3%	7.9%
Acuity Brands, Inc.	\$139.43	95.3%	\$5,924	\$5,725	2.39x	2.41x	2.19x	17.3x	17.0x	14.3x	13.8%	13.9%
Lennox International, Inc.	\$88.92	93.9%	\$4,272	\$4,820	1.46x	1.43x	1.34x	13.1x	11.7x	10.1x	11.1%	6.4%
James Hardie Industries plc	\$10.57	77.3%	\$4,704	\$4,721	3.07x	2.79x	2.44x	14.7x	12.8x	10.1x	20.9%	13.6%
Armstrong World Industries, Inc.	\$48.42	78.2%	\$2,658	\$3,569	1.30x	1.30x	1.23x	12.3x	9.3x	7.9x	10.6%	3.8%
	Median	78.2%			1.46x	1.43x	1.34x	12.8x	10.8x	8.5x	11.9%	7.8%
	Mean	82.3%			1.60x	1.55x	1.42x	12.2x	10.9x	9.1x	12.7%	7.6%
Building Products Manufacturers Mid Cap. (EV < \$3.0B)												
Nortek Inc.	\$83.28	90.2%	\$1,308	\$2,663	1.11x	1.06x	0.99x	11.7x	10.0x	8.3x	9.5%	8.7%
Ply Gem Holdings, Inc	\$11.35	61.5%	\$770	\$1,647	1.16x	1.11x	1.00x	16.0x	14.3x	9.9x	7.2%	18.2%
Headwaters Incorporated	\$12.70	89.7%	\$933	\$1,432	1.88x	1.81x	1.64x	12.6x	10.5x	9.1x	15.0%	12.2%
Trex Co. Inc.	\$43.00	99.0%	\$1,376	\$1,375	3.84x	3.59x	3.11x	NM	16.4x	13.2x	13.2%	10.7%
Simpson Manufacturing Co., Inc.	\$33.08	88.2%	\$1,620	\$1,362	1.82x	1.78x	1.64x	11.0x	10.1x	8.7x	16.6%	10.0%
Griffon Corporation	\$12.29	85.7%	\$618	\$1,340	0.70x	0.69x	0.66x	9.0x	NA	7.8x	7.8%	2.4%
Apogee Enterprises, Inc.	\$43.90	98.6%	\$1,271	\$1,268	1.48x	1.41x	1.27x	18.3x	13.6x	9.6x	8.1%	10.7%
Quanex Building Products Corporation	\$20.02	93.5%	\$751	\$618	0.62x	0.96x	0.93x	10.7x	11.1x	9.0x	5.8%	39.6%
PGT, Inc.	\$9.41	74.6%	\$445	\$597	2.20x	2.02x	1.84x	14.5x	12.7x	9.2x	15.2%	34.0%
Gibraltar Industries, Inc.	\$15.25	79.3%	\$470	\$582	0.70x	0.68x	0.64x	8.7x	NA	NA	8.1%	4.1%
American Woodmark Corp.	\$40.91	97.8%	\$636	\$520	0.68x	0.63x	0.56x	11.3x	7.7x	6.6x	6.1%	15.2%
Norcraft Companies, Inc.	\$17.00	85.8%	\$294	\$408	1.15x	1.10x	1.01x	10.7x	8.0x	6.7x	10.8%	13.1%
	Median	89.0%			1.16x	1.10x	1.00x	11.3x	10.8x	9.0x	8.8%	11.5%
	Mean	87.0%			1.45x	1.40x	1.27x	12.2x	11.4x	8.9x	10.3%	14.9%
Building Products Distributors												
Wolseley plc	\$53.05	93.8%	\$13,776	\$14,962	0.67x	0.67x	0.66x	11.2x	10.1x	9.2x	6.0%	4.2%
Watsco Inc.	\$101.62	96.4%	\$3,300	\$3,894	1.00x	0.98x	0.92x	12.8x	12.1x	10.9x	7.8%	6.1%
Beacon Roofing Supply, Inc.	\$27.67	66.9%	\$1,365	\$1,652	0.72x	0.71x	0.65x	12.3x	11.3x	8.9x	5.9%	6.0%
Lumber Liquidators Holdings, Inc.	\$53.77	44.8%	\$1,455	\$1,444	1.40x	1.34x	1.20x	11.3x	10.5x	8.8x	12.3%	13.3%
Builders FirstSource, Inc.	\$5.93	63.1%	\$582	\$898	0.57x	0.55x	0.49x	13.9x	12.1x	7.9x	4.1%	19.1%
Bluelinx Holdings Inc.	\$1.20	60.6%	\$107	\$583	0.29x	NA	NA	24.9x	NA	NA	1.2%	(1.2%)
Stock Building Supply Holdings, Inc.	\$15.69	67.3%	\$411	\$492	0.39x	0.37x	0.32x	16.7x	12.1x	7.7x	2.3%	17.4%
Taiga Building Products Ltd.	\$0.75	81.0%	\$24	\$277	0.24x	NA	NA	7.3x	NA	NA	3.3%	6.4%
CanWel Building Materials Group Ltd.	\$5.51	96.6%	\$158	\$265	0.39x	0.39x	0.36x	11.2x	11.4x	9.0x	3.5%	1.2%
Hardwoods Distribution Inc.	\$8.92	81.4%	\$147	\$188	0.49x	0.45x	0.38x	9.1x	8.2x	6.2x	5.4%	21.4%
Huttig Building Products Inc.	\$3.63	66.6%	\$89	\$165	0.28x	NA	NA	15.0x	NA	NA	1.9%	9.6%
Goodfellow Inc.	\$8.11	91.0%	\$69	\$123	0.27x	NA	NA	10.3x	NA	NA	2.7%	(4.1%)
	Median	74.1%			0.44x	0.61x	0.57x	11.8x	11.3x	8.8x	3.8%	6.3%
	Mean	75.8%			0.56x	0.68x	0.62x	13.0x	11.0x	8.6x	4.7%	8.3%

Source: Capital IQ

Public Companies Trading Analysis (cont.)

(\$ in millions)

Company	10/31/14 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												
Holcim Ltd.	\$70.80	79.2%	\$22,187	\$36,742	1.70x	1.69x	1.58x	8.8x	8.3x	7.3x	19.4%	(7.3%)
Lafarge S.A.	\$69.28	81.4%	\$15,892	\$34,788	1.70x	1.96x	1.84x	8.5x	8.7x	7.7x	19.9%	3.7%
CEMEX, S.A.B. de C.V.	\$12.30	89.0%	\$15,109	\$31,784	2.06x	1.95x	1.81x	11.7x	10.7x	9.1x	17.6%	6.6%
CRH plc	\$22.13	80.8%	\$13,086	\$21,168	0.84x	0.85x	0.80x	13.0x	9.4x	8.1x	6.5%	3.0%
HeidelbergCement AG	\$68.06	79.9%	\$10,211	\$24,059	1.25x	1.32x	1.24x	7.6x	7.4x	6.7x	16.5%	3.2%
Vulcan Materials Company	\$61.71	88.8%	\$8,078	\$9,857	3.45x	3.35x	3.01x	20.0x	16.0x	13.1x	17.3%	9.4%
Martin Marietta Materials Inc.	\$116.92	85.7%	\$7,824	\$9,369	4.52x	3.45x	2.68x	21.2x	16.1x	11.4x	21.3%	12.4%
Eagle Materials Inc.	\$87.43	82.7%	\$4,395	\$4,696	NM	4.23x	3.43x	19.5x	12.8x	9.4x	25.7%	31.0%
Titan Cement Company S.A.	\$22.16	66.0%	\$1,378	\$2,493	1.52x	1.53x	1.37x	10.2x	8.5x	6.7x	14.9%	5.7%
U.S. Concrete, Inc.	\$24.70	86.2%	\$346	\$472	0.72x	NA	NA	8.9x	NA	NA	8.1%	16.6%
	Median	82.1%			1.70x	1.95x	1.81x	11.0x	9.4x	8.1x	17.4%	6.2%
	Mean	82.0%			1.97x	2.26x	1.97x	12.9x	10.9x	8.8x	16.7%	8.4%
Home Builders												
Lennar Corp.	\$43.08	97.0%	\$8,592	\$14,093	1.98x	1.84x	1.59x	17.2x	12.6x	10.6x	11.5%	37.7%
DR Horton Inc.	\$22.79	90.3%	\$8,306	\$11,217	1.51x	1.45x	1.20x	12.8x	11.6x	9.4x	11.8%	29.2%
Toll Brothers Inc.	\$31.95	80.0%	\$5,684	\$8,683	2.41x	2.26x	1.85x	NM	14.6x	10.5x	8.9%	52.2%
PulteGroup, Inc.	\$19.19	88.6%	\$7,115	\$7,818	1.38x	1.37x	1.21x	12.4x	8.4x	7.2x	11.2%	6.2%
NVR, Inc.	\$1,227.58	97.6%	\$5,028	\$5,173	1.18x	1.15x	1.00x	10.9x	10.7x	8.8x	10.9%	20.8%
Standard Pacific Corp.	\$7.40	80.4%	\$2,073	\$3,957	1.80x	1.65x	1.37x	12.1x	8.9x	6.9x	14.9%	40.6%
KB Home	\$15.74	75.7%	\$1,445	\$3,729	1.68x	1.55x	1.27x	NM	16.9x	11.7x	6.4%	13.0%
Ryland Group Inc.	\$35.81	76.7%	\$1,651	\$2,750	1.13x	1.06x	0.88x	11.4x	9.2x	7.2x	9.9%	40.4%
Hovnanian Enterprises Inc.	\$3.76	55.3%	\$544	\$2,355	1.20x	1.17x	0.98x	22.7x	13.5x	9.5x	5.3%	13.8%
Meritage Homes Corporation	\$36.79	73.2%	\$1,439	\$2,277	1.17x	1.07x	0.87x	10.3x	9.7x	8.1x	11.4%	30.3%
MDC Holdings Inc.	\$24.42	74.7%	\$1,192	\$1,836	1.09x	1.04x	0.87x	16.5x	16.5x	13.3x	6.6%	12.7%
Beazer Homes USA Inc.	\$17.93	70.8%	\$474	\$1,805	1.33x	1.27x	1.17x	NM	21.0x	13.8x	5.2%	11.1%
M/I Homes, Inc.	\$21.54	81.9%	\$527	\$979	0.83x	0.82x	0.68x	11.5x	13.6x	8.9x	7.2%	27.4%
	Median	80.0%			1.33x	1.27x	1.17x	12.2x	12.6x	9.4x	9.9%	27.4%
	Mean	80.2%			1.44x	1.36x	1.15x	13.8x	12.9x	9.7x	9.3%	25.8%
Lumber and Wood Products Manufacturers												
Weyerhaeuser Co.	\$33.86	97.9%	\$17,755	\$21,551	2.51x	2.69x	2.55x	12.5x	12.5x	11.1x	20.0%	16.2%
West Fraser Timber Co. Ltd.	\$52.41	99.4%	\$4,957	\$4,720	1.41x	1.34x	1.23x	10.2x	8.1x	6.2x	13.8%	8.0%
Canfor Corp.	\$23.26	87.4%	\$3,552	\$3,502	1.16x	1.11x	1.00x	7.9x	6.3x	5.1x	14.8%	7.4%
Louisiana-Pacific Corp.	\$14.60	77.0%	\$2,065	\$2,273	1.17x	1.15x	1.00x	24.4x	21.2x	7.5x	4.8%	(3.2%)
Norbord, Inc.	\$19.55	64.4%	\$1,177	\$1,419	1.16x	1.16x	1.03x	10.7x	10.8x	6.9x	10.8%	(9.4%)
Universal Forest Products Inc.	\$49.97	85.4%	\$998	\$1,067	0.42x	0.41x	0.38x	8.8x	8.1x	7.0x	4.7%	9.0%
Ainsworth Lumber Co. Ltd.	\$2.30	61.6%	\$626	\$766	1.84x	1.69x	1.30x	15.5x	11.8x	5.3x	11.9%	(11.7%)
	Median	85.4%			1.17x	1.16x	1.03x	10.7x	10.8x	6.9x	11.9%	7.4%
	Mean	81.9%			1.38x	1.37x	1.21x	12.9x	11.3x	7.0x	11.5%	2.3%

Source: Capital IQ

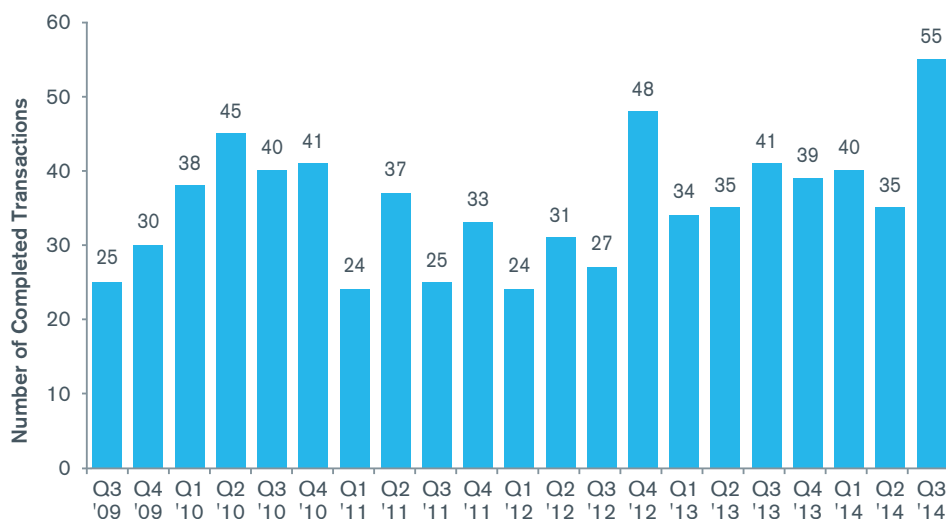
Q3 2014 M&A Activity

Building Products and Materials M&A Trends

M&A activity in the sector was strong in Q3 2014 with 55 completed transactions involving target companies headquartered in the U.S. or Canada.

There remains strong acquisition interest from private equity firms and strategics, likely due to abundance of debt capital, low interest rates, and an improving housing market.

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 – Q3 2014

Date Announced	Target	Target Country	Acquirer	Target Business Description
Building Products Distributors				
Sep-14	Cook and Boardman, Inc.	United States	Ridgemont Equity Partners	Distributes architectural doors, frames, door hardware and related products in the Carolinas
Aug-14	All Weather Products Ltd	Canada	Beacon Roofing Supply, Inc.	Distributes roofing products and accessories
Aug-14	AO, Inc.	United States	Kodiak Building Partners	Distributes commercial doors, frames and hardware
Aug-14	Wine Valley Siding Supply, Inc.	United States	Succession Capital Inc.	Provides siding products, trims, and accessories to builders, subcontractors and homeowners in the Pacific Northwest
Jul-14	Barnes Industrial Plastic Piping, Inc.	United States	Ryan Herco Flow Solutions, Inc.	Supplies plastic pipe and pipe related products in Florida
Jul-14	Slone Lumber Company, Inc.	United States	Builders FirstSource, Inc.	Distributes lumber and various lumber based products
Jul-14	Sand and Gravel Supply Operation at Williams Bay, Wisconsin	United States	Corporate Contractors, Inc.	Distributes sand and gravel materials, including asphalt, broken concrete and spoil
Building Products Manufacturers				
Sep-14	Tell Manufacturing, Inc.	United States	Hardware and Home Improvement Group	Manufactures and distributes commercial and residential locks and door hardware
Sep-14	Wolfpac Technologies, Inc.	United States	Highlander Partners, L.P.	Manufactures and supplies PVC building products
Sep-14	Chase Industries, Inc.	United States	Audax Group, Inc.	Manufactures and sells made-to-order impact traffic doors and specialty door systems
Sep-14	Aquatic Co.	United States	The Sterling Group, L.P.	Manufactures and sells bathing products in the United States
Aug-14	Dura-Line Holdings, Inc.	United States	Mexichem, S.A.B. de C.V.	Manufactures and distributes various building components, including conduits, ducts and pressure-pipe solutions
Aug-14	Fortune Brands Windows, Inc.	United States	Ply Gem Industries, Inc.	Manufactures vinyl framed windows and patio doors
Aug-14	Pactiv LLC, Building Insulation Division	United States	Kingspan Group plc	Manufactures insulation products under the brand name GreenGuard
Aug-14	Universal Stair Parts, Inc.	United States	L.J. Smith, Inc.	Manufactures and distributes wood and iron stair products and stair parts, as well as exterior porch balustrades

Source: Capital IQ










Q3 2014 M&A Activity (cont.)

Notable M&A Activity – Q3 2014 (cont.)

Date Announced	Target	Target Country	Acquirer	Target Business Description
Building Products Manufacturers (cont.)				
Jul-14	CGI Windows & Doors, Inc.	United States	PGT Industries, Inc.	Manufactures hurricane impact resistant windows and doors
Jul-14	del grosso floor covering inc.	United States	Interior Specialists, Inc.	Manufactures and installs customized flooring products, countertops, and cabinets for home and office markets
Jul-14	HWD Acquisition, Inc.	United States	Sierra Pacific Industries, Inc.	Designs, manufactures and sells custom wood windows and doors
Jul-14	Custom Window Systems, Inc.	United States	Nautic Partners, LLC	Manufactures windows and doors for residential and commercial applications
Building Materials Manufacturers				
Sep-14	Composite Technologies Corporation	United States	Meadow Burke, LLC	Manufactures and markets insulation systems for use in precast, tilt-up and cast-in-place applications
Aug-14	VantaCore Partners LP	United States	Natural Resource Partners LP	Manufactures and supplies aggregates, including graded limestone, washed sand, gravel and asphalt
Homebuilders				
Sep-14	Oakmont Home Builders, Inc.	United States	LGI Homes, Inc.	Develops and builds homes
Sep-14	Scott Felder Homes, LLC	United States	BR Homebuilding Group, L.P.	Builds homes in Central Texas
Aug-14	GVB Customs Homes, LLC and SWMJ Construction, Inc.	United States	Century Communities, Inc.	Builds homes in Houston metro area
Aug-14	Grand View Builders, Inc.	United States	Century Communities, Inc.	Builds custom homes primarily in the Houston Metro area
Jul-14	Legendary Communities LLC	United States	Meritage Homes Corporation	Builds homes in Georgia, South Carolina and North Carolina
Lumber and Wood Manufacturers				
Sep-14	Southern Lumber Company Inc.	United States	Canfor Corp.	Manufactures lumber and lumber based products
Aug-14	Thermo Pressed Laminates, Inc.	United States	Panel Processing, Inc.	Designs and manufactures low and high pressure laminated panels in Oregon
Aug-14	West Orange Lumber Company, Inc.	United States	Builders FirstSource, Inc.	Manufactures and supplies lumber, roof trusses and custom windows and doors, as well as provides installation services
Jul-14	Northwest Hardwoods, Inc.	United States	Littlejohn & Co. LLC	Manufactures and distributes kiln-dried hardwood lumber, as well as pallet shook and railroad ties

Source: Capital IQ

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

<p>Sell Side Advisor</p> <hr/> <p>On-Going</p> <p>Manufacturer of vinyl and aluminum windows and patio doors</p>	<p>Sell Side Advisor</p> <hr/> <p>On-Going</p> <p>Manufacturer and distributor of commercial lighting products</p>	<p>Sell Side Advisor</p> <hr/> <p>On-Going</p> <p>Building materials supplier to residential and light commercial market segments</p>	<p>Sell Side Advisor</p> <hr/>  <p>has been acquired by</p> <div>River Associates Investments, LLC</div>
<p>Sell Side Advisor</p> <hr/>  <p>has been acquired by</p> 	<p>Sell Side Advisor</p> <hr/>  <p>has been acquired by</p> 	<p>Sell Side Advisor</p> <hr/>  <p>has been acquired by</p> 	<p>Sell Side Advisor</p> <hr/>  <p>has been acquired by</p> 

U.S. Contacts:

Jon Melzer

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

Eric Williams

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

Quinn Carlson

Director
+1 312 697 4780
quinn.carlson@duffandphelps.com

European Contacts:

Paul Teuten

Managing Director, Co Head of UK M&A
+44 (0) 20 7089 4840
paul.teuten@duffandphelps.com

Dafydd Evans

Managing Director, M&A
+44 (0) 20 7089 4850
dafydd.evans@duffandphelps.com

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