

A low-angle photograph of a wooden building frame under construction. The sun is shining brightly from the bottom left, creating a lens flare effect. A red banner with white text is overlaid across the middle of the image.

DUFF & PHELPS

Protect, Restore and Maximize Value

Building Products and Materials

Winter 2020

Highlights

Housing activity was robust throughout 2019 as home sales and prices continued to rise while inventory levels declined.

New home sales increased 10.3% in 2019 due to a combination of low unemployment, rising wages, attractive mortgage rates and increases in household formations (i.e., millennials entering the housing market) while existing home sales were sluggish most of the year, but increased at a seasonally adjusted annual rate of 10.8% in December.

Housing starts and building permits posted gains of 3.2% and 3.9%, respectively, in 2019. Most notably, December's seasonally adjusted annual rate of 1.608 million housing starts was a 40.8% year-over-year increase and the highest level since December 2006.

Multifamily starts were up 7.8% while single-family starts were up 1.4% in 2019, representing the second consecutive year that multifamily starts outpaced single-family starts.

Remodeling activity remains strong due to the upward trajectory of home prices, strong consumer confidence and a robust economy with steady job and wage growth. However, remodeling growth is expected to slow considerably in the second half of 2020 primarily due to a projected softening in existing home sales and rising labor and material costs.

Strong demand and low inventory levels drove home prices higher in all markets in 2019, with all cities in the 20-City Index notching gains on a year-over-year basis.

Finally, the performance of stock market indices for homebuilders, building product manufacturers and building products distributors outperformed the S&P 500 Index over the past 12 months, reflecting investor confidence in the near-term future of the industry.

2019 BY THE NUMBERS



10.3% increase in new home sales



3.9% and 3.2% increase in building permits and housing starts, respectively



Record low three-month supply of existing homes



3.5% YoY increase in the U.S. National Home Price Index



8.3% decrease in M&A activity over the prior year

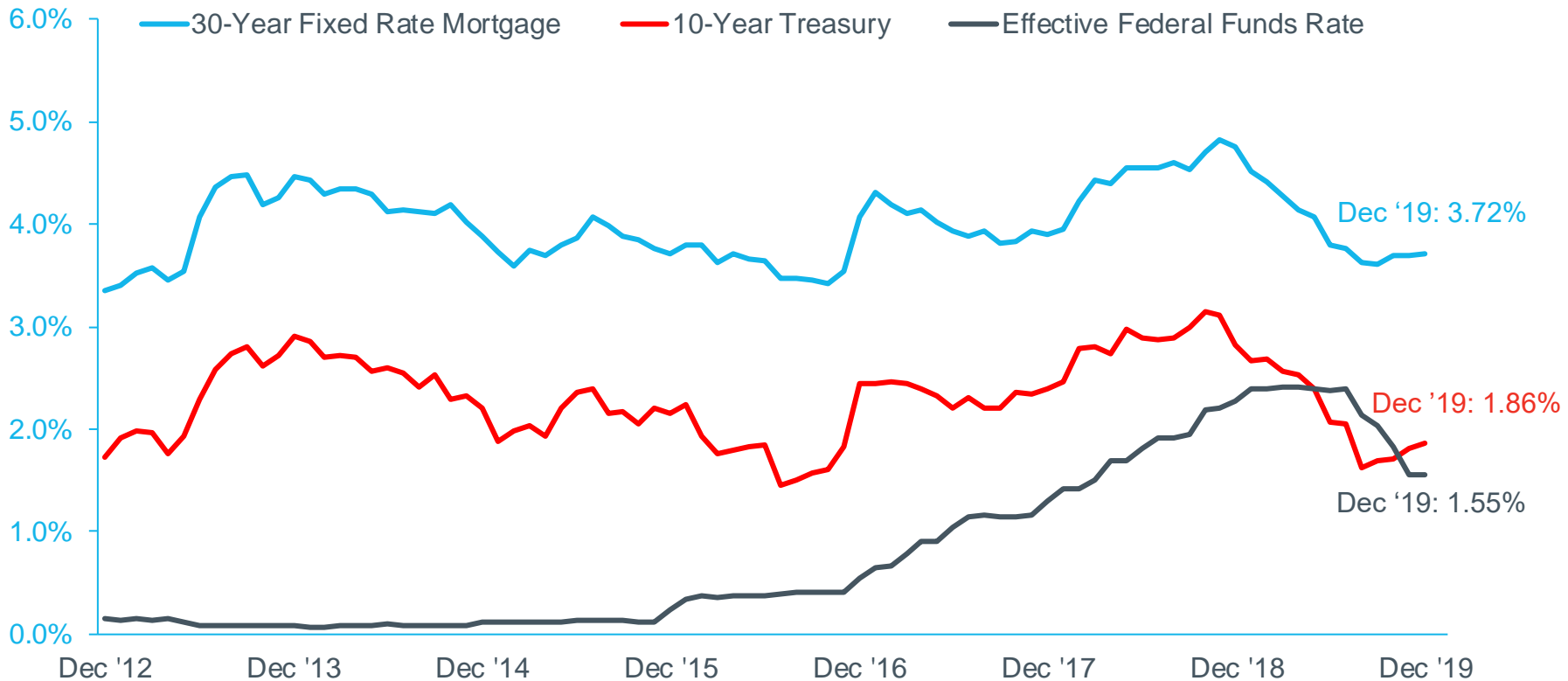
Table of Contents

- 4 Housing Indicators
- 6 Housing Starts Finish Year on a High Note
- 8 Building Permits Slightly Outpace Housing Starts
- 10 Home Sales Rise as Inventory Levels Decline
- 12 U.S. Home Prices Continue to Rise
- 14 Busy Remodeling Activity in 2019, but a Slowdown is Expected
- 15 Nonresidential Construction Activity Remains Strong
- 16 Canadian Building Market—Permits and Starts
- 18 Canadian Housing Market—Existing Prices and Existing Home Sales
- 20 Stock Prices Signaling Investor Confidence
- 21 Public Companies' Trading Statistics
- 24 2019 M&A Activity Witnesses Year-Over-Year Decline
- 32 Duff & Phelps' Recent Transactions

Housing Indicators.

The 30-year mortgage rate declined steadily in 2019 after reaching an eight-year high of 5.05% in November 2018. Mortgage rates fell as money flowed into the bond market, driving down the yield on the 10-year Treasury. Mortgage rates and the yield on the 10-year Treasury move in tandem, and both have been affected by the decline in the federal funds rate. With lower mortgage rates, refinancing activity surged in 2019 as homeowners sought to reduce mortgage payments and access home equity.

Key Interest Rates

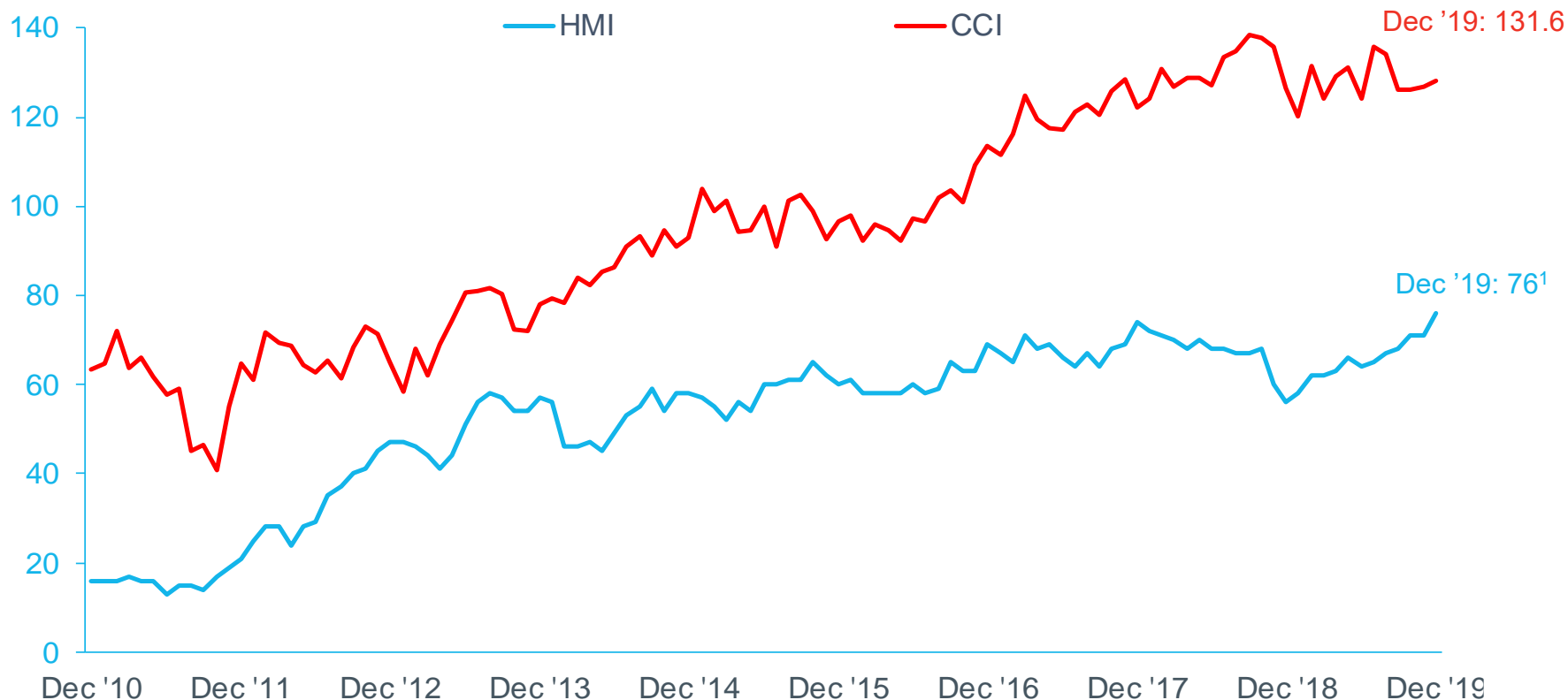


Housing Indicators

The Consumer Confidence Index (CCI) trended upward in 2019, reaching a high of 135.8 in September and finishing 2019 at 131.6. The upward trend in the CCI reflects the strong economy and job market, increasing wages, surging stock prices and optimism.

The Housing Market Index (HMI), a measure of builder confidence, rose to 76 in December 2019 from 56 the year prior. The current index level is at an over 20-year high and indicates that builders are increasingly optimistic about the future of the housing market. Builder confidence is influenced by a low supply of existing homes, low mortgage interest rates and a robust economy.

Key Housing Indicators



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

Housing Starts Finish Year on a High Note ●●

Housing starts in 2019 increased 3.2% over the prior year. In December 2019, starts were up 16.9% from the prior month, and soared nearly 41% from December 2018. The seasonally adjusted annual rate in December marked a 13-year high for housing starts.

Housing starts increased in December due to low mortgage rates, a strong labor market and high consumer confidence. Yet, builders continue to face difficulties with lot shortages, and buyers face high prices and inventory shortages, particularly for first-time homes.

As a continuation of last year's trend, multifamily starts outpaced the increase in single-family starts in 2019. Multifamily starts were up 7.8%, whereas single-family starts were up 1.4%.

National Housing Starts (thousands)

Full Year 2019 Actual: 1,290 | YoY Δ : 3.2%

December 2019 Rate: 1,608 | MoM Δ : 16.9% | YoY Δ 40.8%

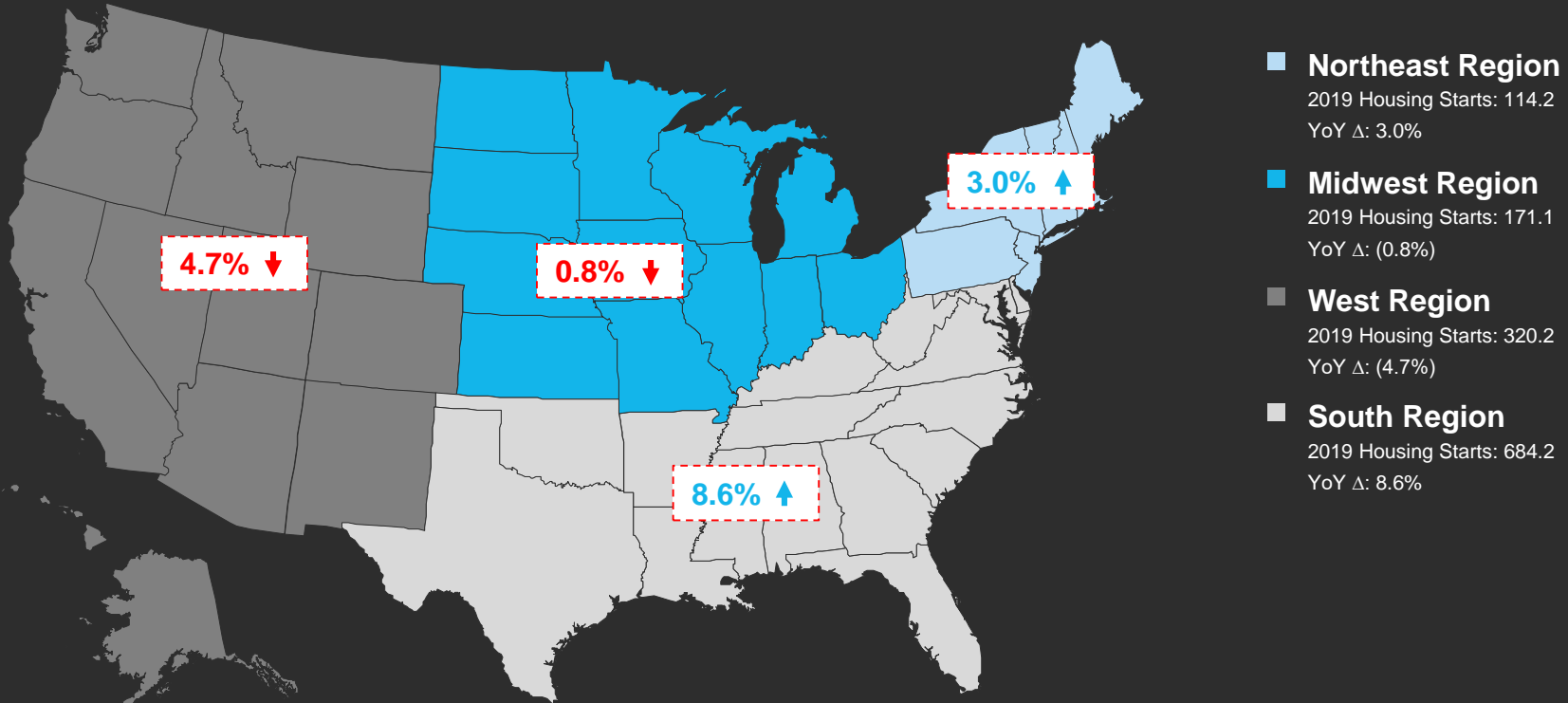


Housing Starts Finish Year on a High Note ●●

In 2019, the southern region of the U.S. was the strongest performer, with a 8.6% increase in housing starts. Multifamily starts drove most of the strong performance, with a 14.0% increase, followed by single-family starts, which increased by 6.6%. The Northeast also experienced an increase in housing starts in 2019, with a growth rate of 3.0%. The South is benefitting from strong housing market demand driven by retirees and others migrating to warmer climates and lower-tax regions of the country.

The Midwest region has experienced a multi-year decline in housing starts, and the West region experienced year-over-year declining housing starts after a 7.1% increase in housing starts in 2018.

Regional Housing Starts (thousands)



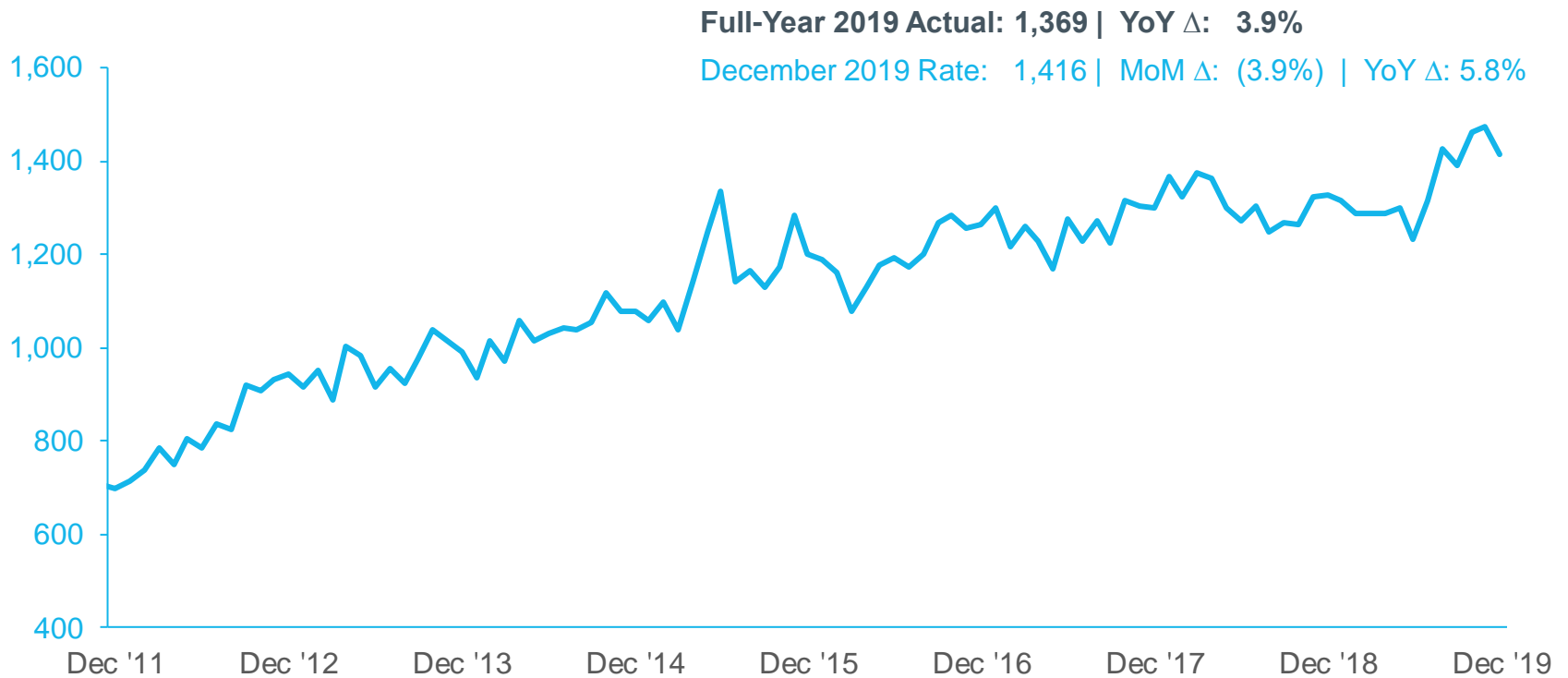
Building Permits Slightly Outpace Housing Starts

Building permits, a bellwether for future construction, slightly outpaced housing starts in 2019. In total, an estimated 1,369,000 housing units were authorized by building permits in 2019, representing a 3.9% increase from the 1,310,700 building permits in the year prior.

In December, new applications for building permits were up 5.8% from the prior year and down 3.9% from the prior month to a seasonally adjusted annual rate of 1,416,000.

Permits for single-family homes rose 0.1% in 2019 compared to the year prior, and permits for multifamily homes rose 10.7%.

National Building Permits (thousands)



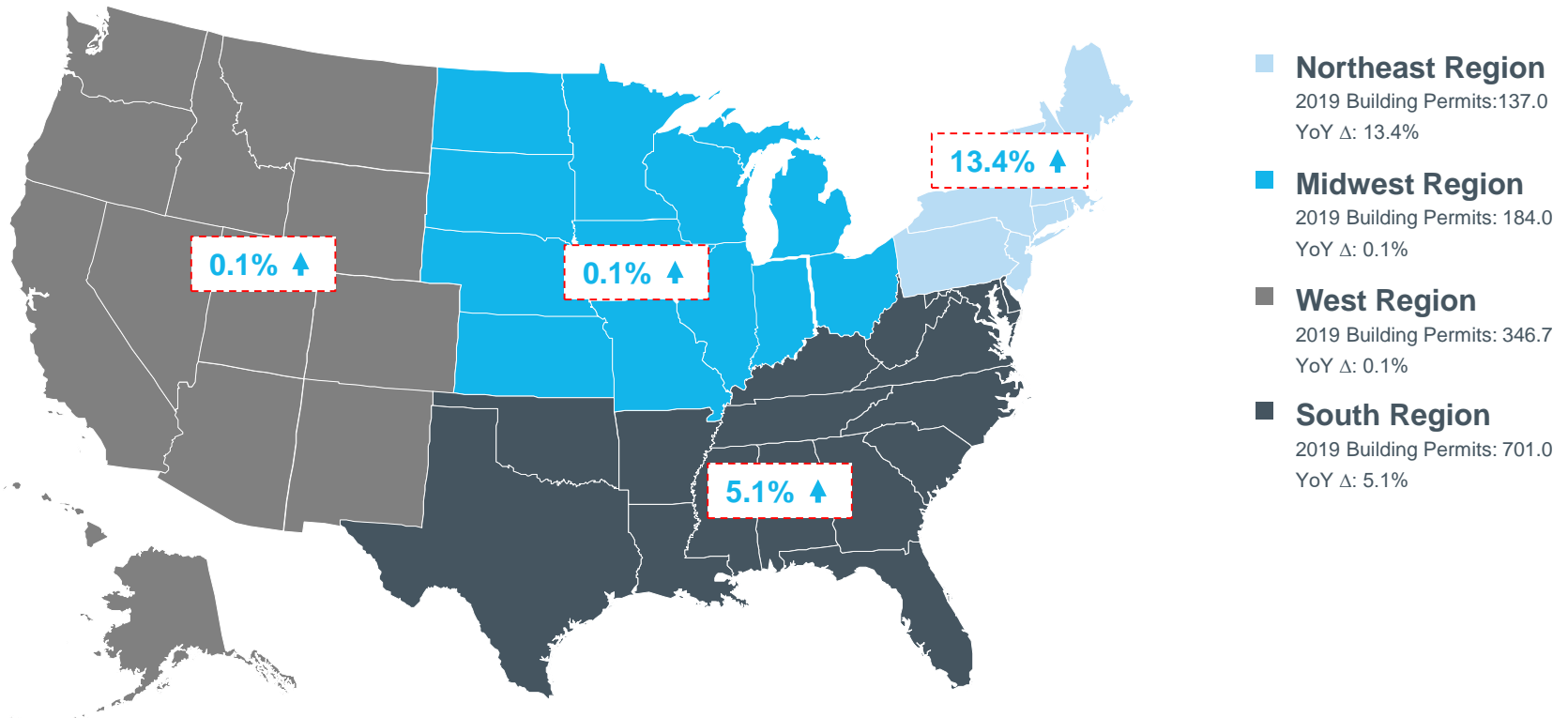
Building Permits Slightly Outpace Housing Starts

Consistent with housing starts, the Northeast and South regions witnessed strong building permit activity in 2019 and drove much of the growth in the U.S.

The Northeast and South regions recorded 13.4% and 5.1% increases, respectively, while the West and Midwest both saw increases of just 0.1%.

Multifamily permits led the growth in the Northeast and South regions with 30.5% and 10.3% growth in 2019, respectively.

Regional Building Permits (thousands)



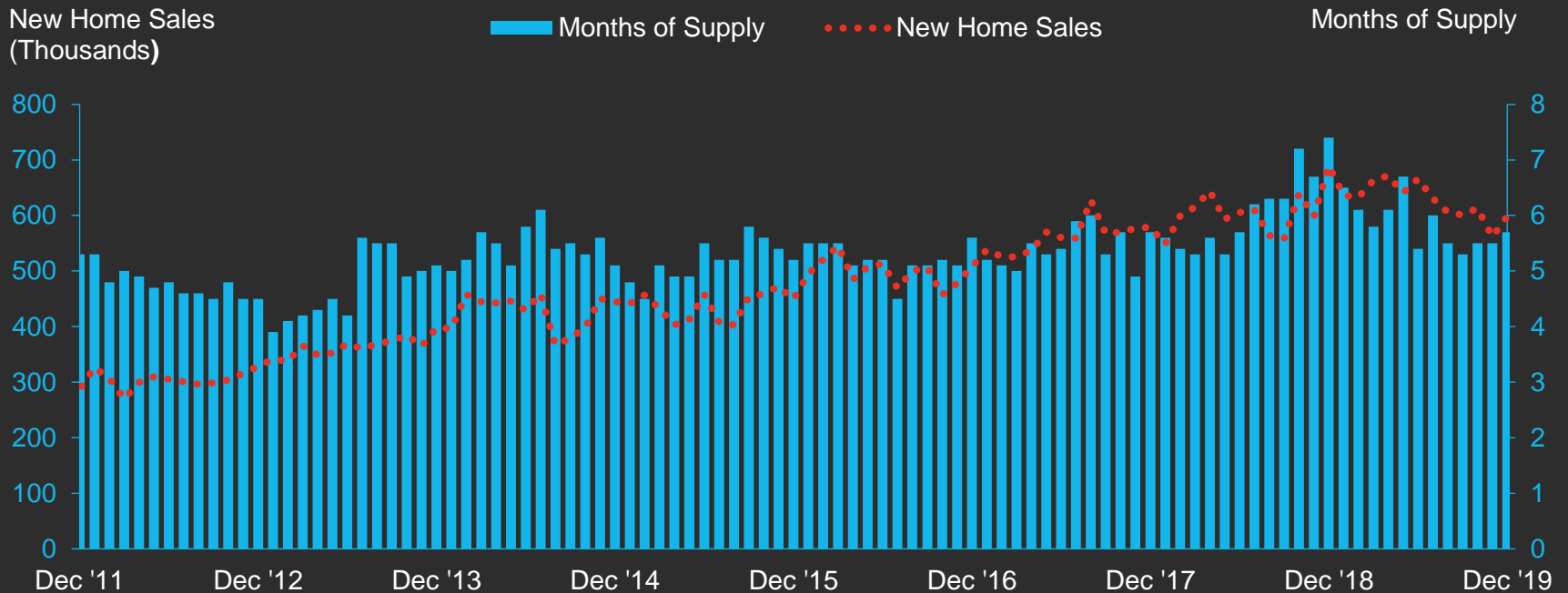
Home Sales Rise as Inventory Levels Decline ..

An estimated 681,000 new homes were sold in 2019, representing a 10.3% increase from 2018. The increase was likely driven by a strong job market, low mortgage rates and accelerating household formations (i.e., millennials entering the housing market).

The seasonally adjusted annual rate of new home sales in December was 694,000. The December rate was 0.4% lower and 23.0% higher than November 2019 and December 2018, respectively.

The seasonally adjusted estimate of new homes for sale at the end of December was 327,000, down 5.5% from a year ago. The supply is 5.7 months at the current sales rate, down from the 7.4 months of supply from a year ago.

New Home Sales and Supply



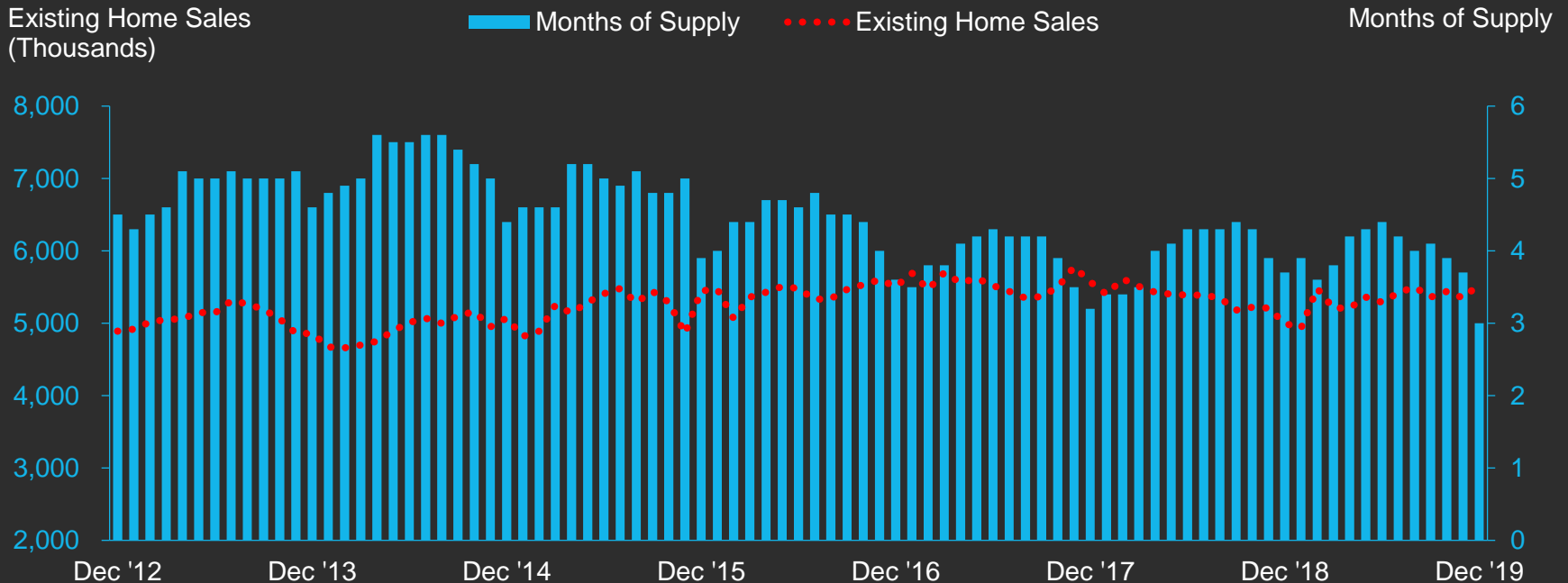
New Home Sales: Seasonally Adjusted Annual Rate
 Months Supply: Seasonally Adjusted at Current Sales Rates
 Source: U.S. Department of Commerce: Census Bureau

Home Sales Rise as Inventory Levels Decline ●●

Existing home sales were sluggish for most of 2019 due to continuing low inventory levels and high home prices, but jumped to a seasonally adjusted annual rate of 5,540,000 in December 2019. The December rate of existing home sales was up 10.8% from the same period a year ago. The recent sales increase is due to low unemployment, favorable mortgage rates and high rates of household formations.

The inventory of existing homes remains low by historical standards at three months at the end of December, representing a 18.9% drop from the same period a year ago. The months of supply is currently at its lowest level since the National Association of Realtors began tracking the data in 1999.

Existing Home Sales and Supply

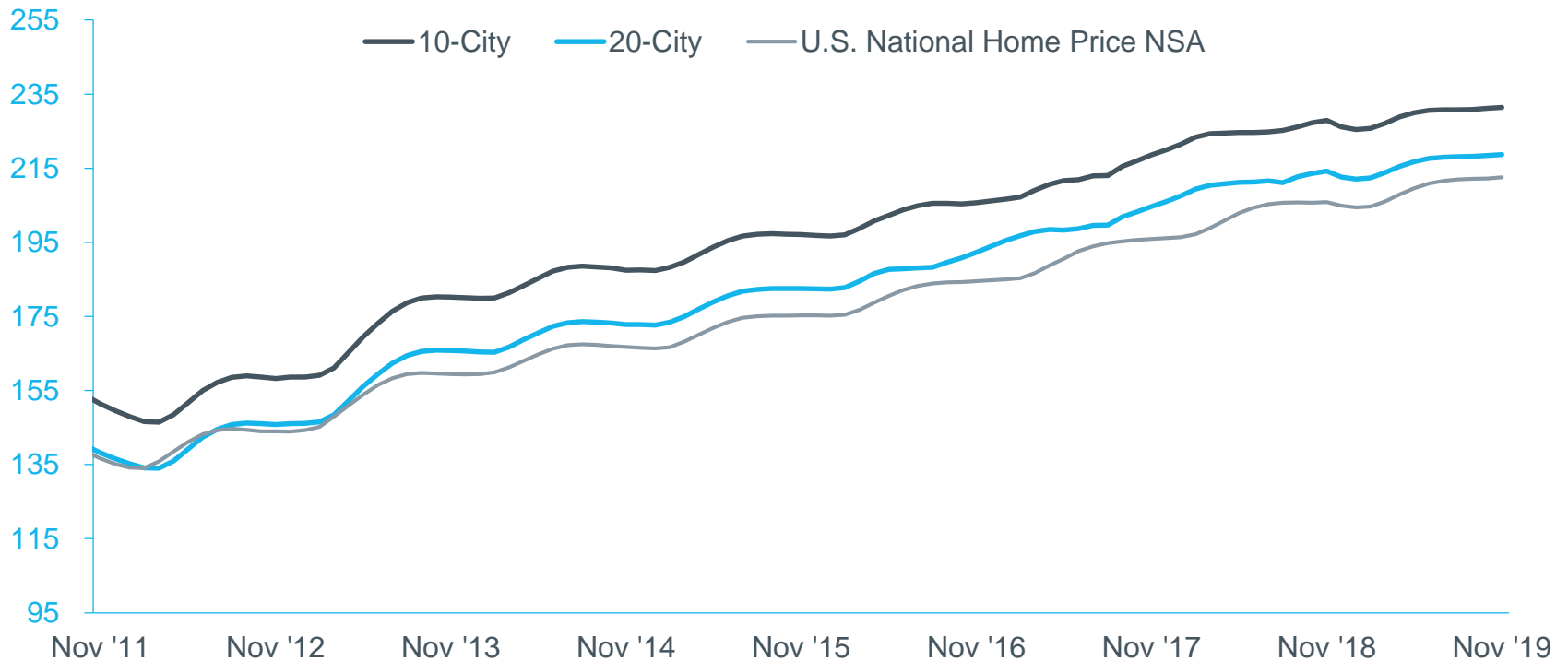


U.S. Home Prices Continue to Rise .o

In November 2019, the 20-City Home Price Index was up 2.1%, while the 10-City Home Price Index was up 1.5% compared to the prior year. November results reflect a steady upward trend in home prices that started at the beginning of 2012. While home prices continue to rise, the rate of growth has slowed. In 2018, the rate of growth in the 20-City Home Price Index was 3.4%.

Increases in both indices have been boosted by attractive mortgage rates, increasing housing demand from millennials and a low supply of new and existing homes.

S&P CoreLogic Case-Shiller Home Price Indices*



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

U.S. Home Prices Continue to Rise

Phoenix, Charlotte and Tampa experienced the biggest year-over-year appreciation in home prices, with increases of 5.9%, 5.2% and 5.0%, respectively.

While New York, San Francisco and Chicago had the weakest performance of all cities in the home price index, all three of the cities showed year-over-year price increases. Minneapolis, Cleveland, Detroit and Chicago were the only cities to experience month-over-month declines in home prices in November, with Chicago experiencing the largest decline of 0.6%.

Regional Home Price Indices*

November 2019 – Composite 10		
Metropolitan Area	M-o-M % Δ	Y-o-Y % Δ
San Diego	0.3%	3.9%
Boston	0.5%	3.8%
Denver	0.0%	3.7%
Washington, D.C.	0.2%	3.2%
Miami	0.2%	3.1%
Los Angeles	0.3%	2.7%
Las Vegas	0.4%	2.6%
New York	0.0%	0.8%
San Francisco	0.2%	0.4%
Chicago	(0.6%)	0.4%
Composite-10	0.1%	1.5%

November 2019 – Composite 20		
Metropolitan Area	M-o-M % Δ	Y-o-Y % Δ
Phoenix	0.4%	5.9%
Charlotte	0.6%	5.2%
Tampa	0.5%	5.0%
Atlanta	0.2%	4.2%
Minneapolis	(0.5%)	4.0%
Cleveland	(0.1%)	4.0%
San Diego	0.3%	3.9%
Boston	0.5%	3.8%
Denver	0.0%	3.7%
Seattle	0.0%	3.3%
Portland	0.1%	3.3%
Detroit	(0.3%)	3.2%
Washington, D.C.	0.2%	3.2%
Miami	0.2%	3.1%
Dallas	0.2%	2.8%
Los Angeles	0.3%	2.7%
Las Vegas	0.4%	2.6%
New York	0.0%	0.8%
San Francisco	0.2%	0.4%
Chicago	(0.6%)	0.4%
Composite-20	0.1%	2.1%

*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

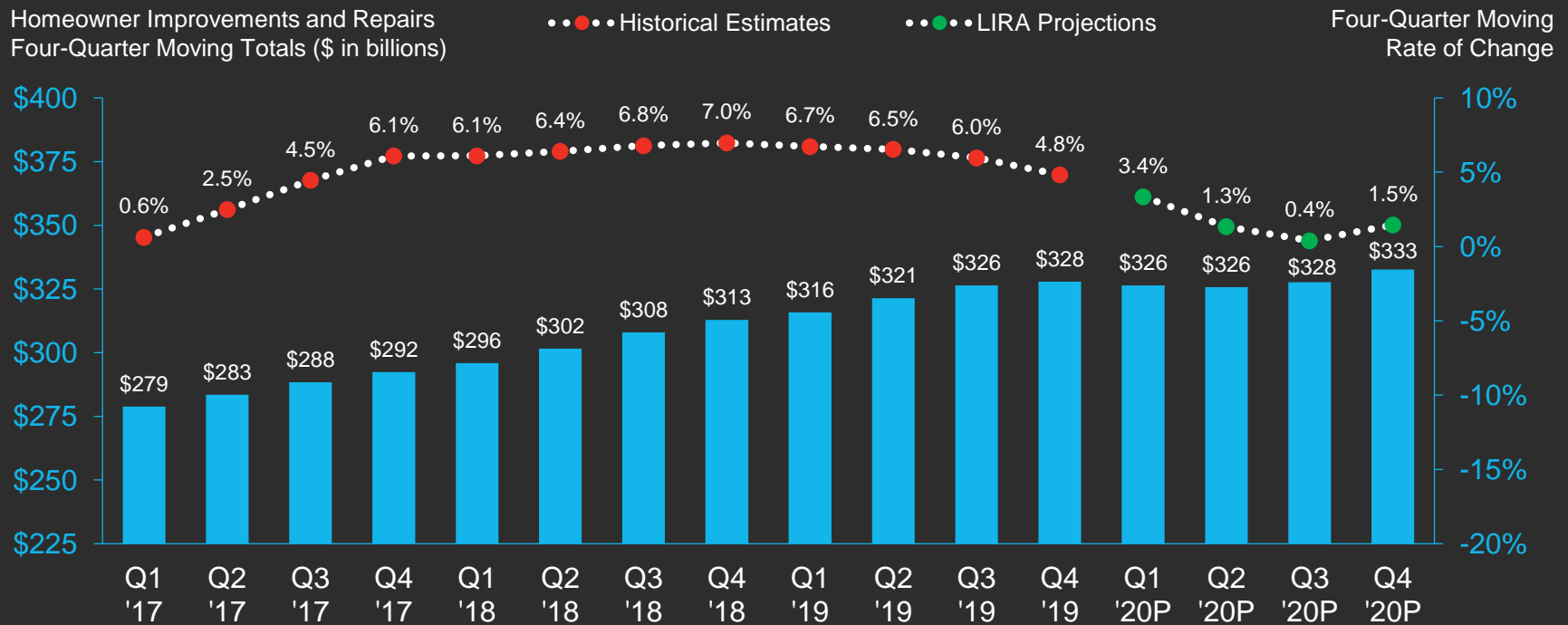
Monthly, Indexed to January 2000

Busy Remodeling Activity in 2019, But a Slowdown is Expected

Based on the Leading Indicator of Remodeling Activity (LIRA*), home improvement spending increased 4.8% in Q4 2019 and is expected to increase at a much slower pace in 2020, according to the Joint Center for Housing Studies of Harvard University (JCHS).

According to the JCHS and other housing market analysts, remodeling activity in 2020 may slow down due to a projected softening in existing home sales (caused by a combination of low inventory and high prices), rising material costs and lack of skilled labor.

Leading Indicator of Remodeling Activity (LIRA)*

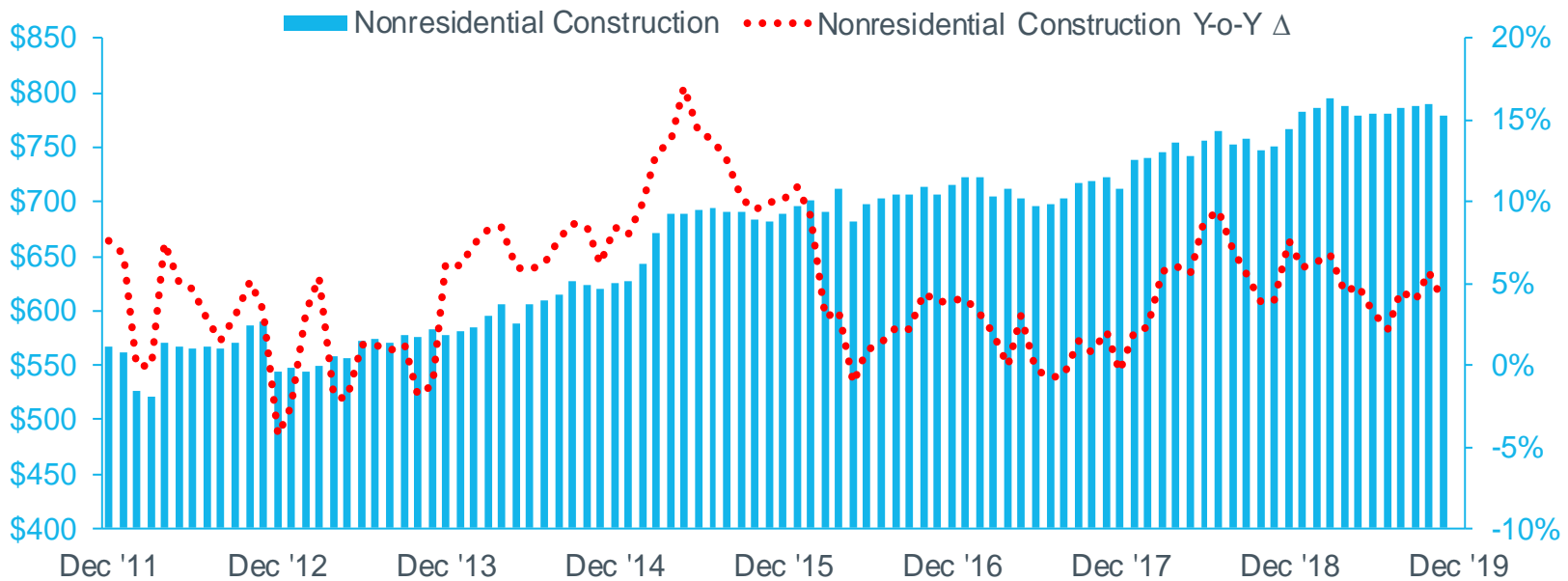


*The LIRA represents the estimated annual rate of change in spending for the current quarter and subsequent three quarters. This annual or moving four-quarter rate of change compares total spending in any given four-quarter period to the total spending that occurred in the four quarters prior to that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

Nonresidential Construction Activity Remains Strong

At the end of December 2019, nonresidential construction was at a seasonally adjusted annual rate of \$779.6 billion, an increase of 4.4% over the same period a year ago. The uptick in 2019 was driven by heavy spending in the water supply and conservation and development sectors, posting 33.6% and 16.9% growth in 2019, respectively, and in the highway and street sector, which saw 14.1% growth.

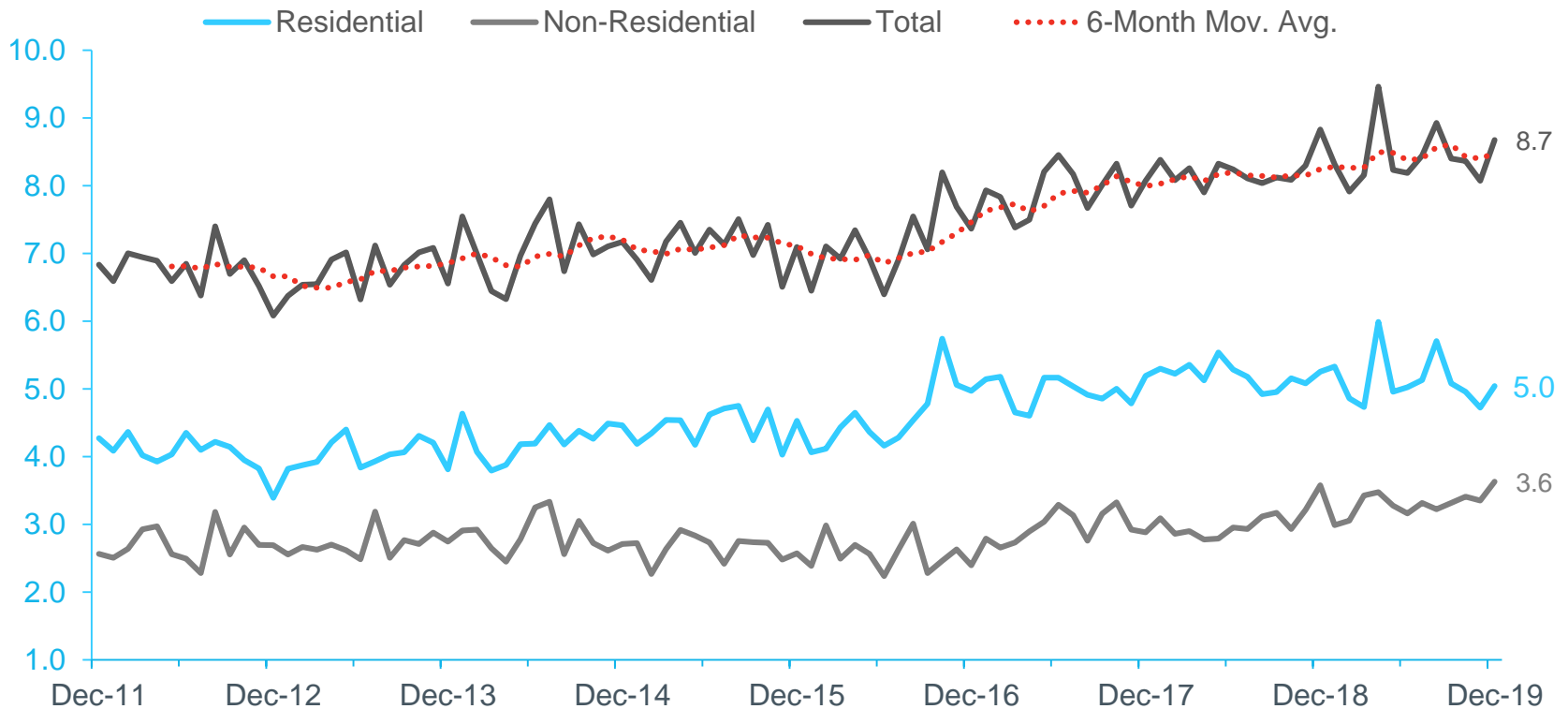
Nonresidential Construction Put in Place (\$ in billions)



Canadian Building Market—Permits

The number of seasonally adjusted new building permit applications increased 2.8% in the last six months of 2019 compared to the same period a year ago. This growth was led by higher non-residential permits (6.9%) and accompanied by a small increase in residential permits (0.3%). All three sectors of the non-residential market saw an increase with institutional/government permits growing at the fastest pace (15.4%) compared to industrial (6.1%) and commercial (4.1%).

Authorized Building Permits (C\$ in billions)

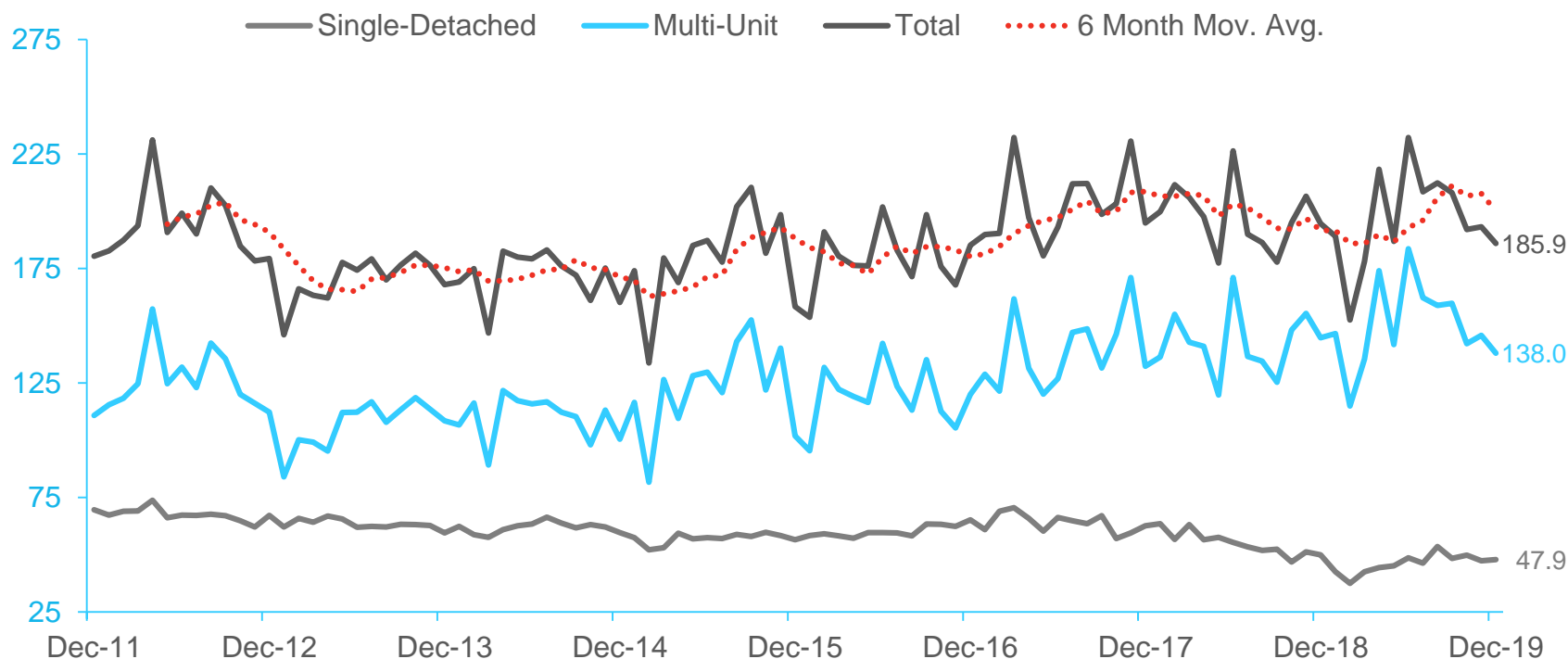


Canadian Building Market—Starts

Canadian housing starts decreased 0.5% in 2019 relative to the prior year. The decrease was due to a significant 15.9% decline in single-detached housing starts that was partially offset by a 5.4% increase in multi-unit housing starts.

Rising home prices and an influx of millennials entering the housing market are driving demand for more affordable multi-unit housing.

Housing Starts (Units in thousands)

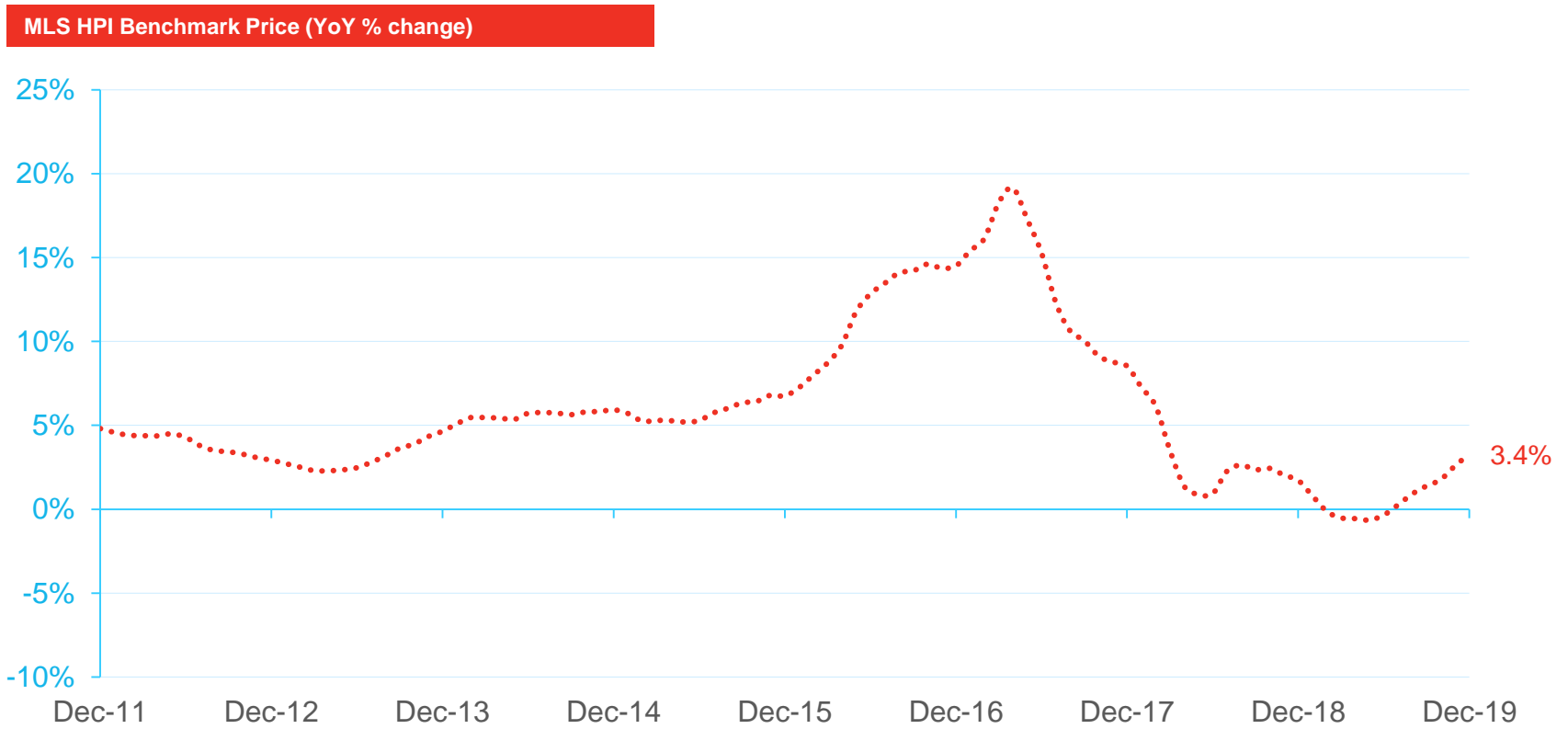


Seasonally adjusted, areas 10,000+
Source: Canada Mortgage and Housing Corporation

Canadian Housing Market—Existing Prices

The Multiple Listing Service (MLS) Home Price Index increased 0.6% in 2019, marking its tenth consecutive annual gain, but representing the slowest growth rate over that period. In December 2019, the MLS Home Price Index was up 3.4% from the prior year. Price increases were consistent across housing types with apartments, one-story and single-family homes each increasing 3.3%, followed by two-story homes (3.1%) and townhouses (2.6%).

Low borrowing costs, shortage of available homes and strong population growth suggest housing prices will continue to make gains. TD Economics expects average home prices in Canada to rise roughly 6.5% in 2020.



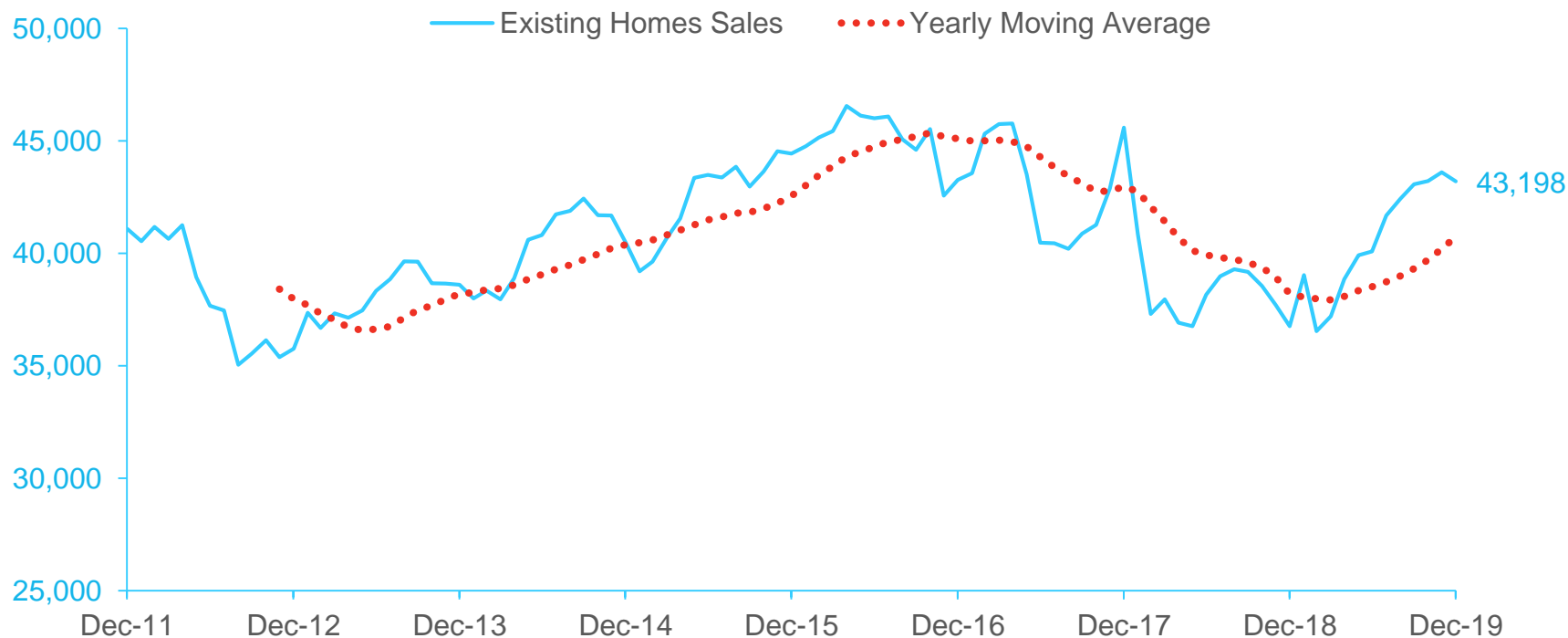
Source: CREA (Canadian Real Estate Association)

Canadian Housing Market—Existing Home Sales

After a string of macroprudential policy changes, sales of existing homes saw a significant bounce back in 2019, climbing 6.6% year-over-year. This increase was led by higher activity in areas such as Quebec (11.6%), Ontario (9.0%) and Manitoba (8.4%), and partially offset by decreased activity in British Columbia (-1.3%) and Alberta (-0.1%).

Low interest rates, a robust labor market and strong population growth will likely sustain strong demand in most major Canadian markets through 2020.

Existing Home Sales (units)

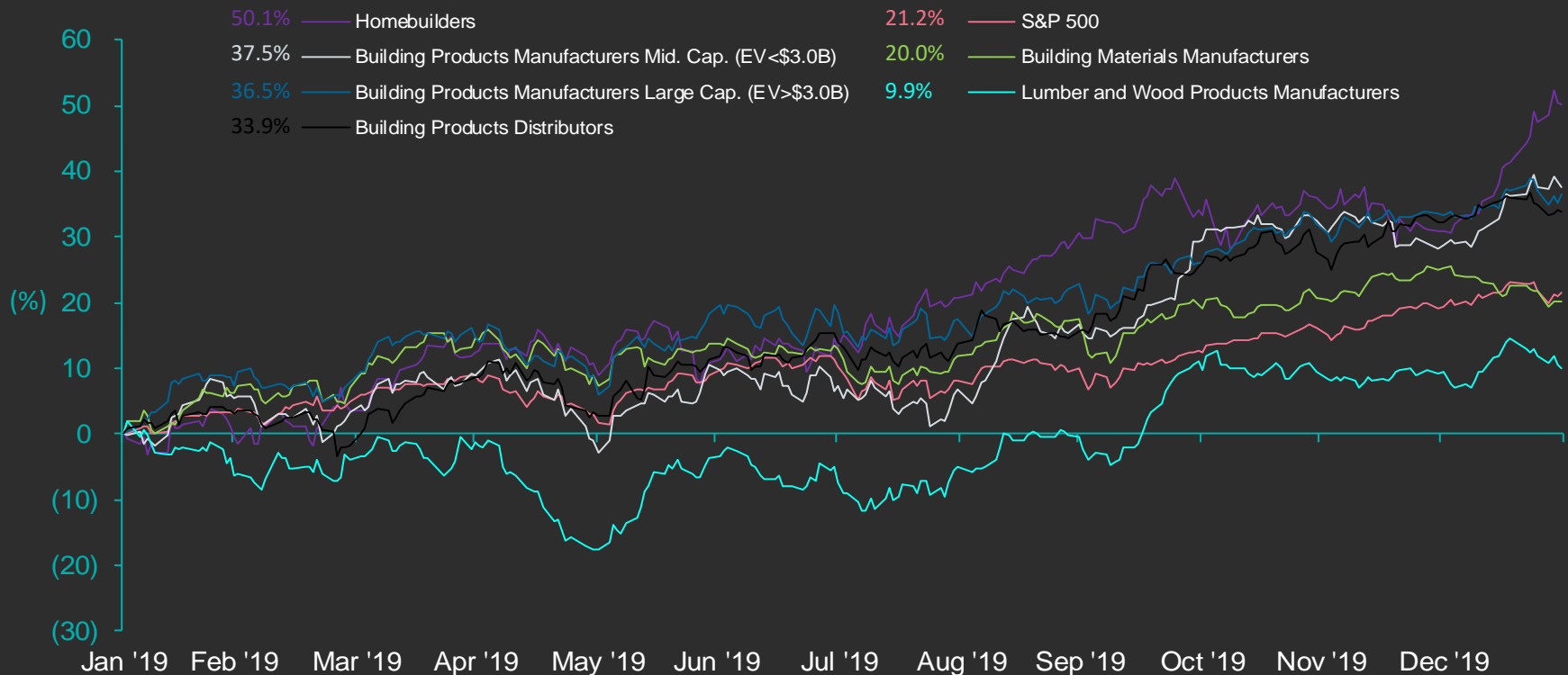


Source: CREA (Canadian Real Estate Association)

Stock Prices Signaling Investor Confidence

Over the past 12 months, four sectors within the building products and materials' industry outperformed the S&P 500. The Homebuilders index posted the best performance, followed by the Mid-Cap and Large-Cap Building Products Manufacturers' indices. The relative outperformance of the sector is likely due to low mortgage rates, a strong labor market and high consumer confidence, which have been supporting demand for new and existing homes. On the other hand, the Building Materials Manufacturers index narrowly underperformed the S&P 500. Finally, the Lumber and Wood Products Manufacturers index significantly lagged behind the S&P 500, but still posted a positive 9.9% performance for the year.

Equity Market Performance



Source: S&P Global Market Intelligence, which includes the most actively traded companies for respective covered sectors

Public Companies' Trading Statistics

(\$ in millions except share price data)

Company	Stock Price 2/19/20	% of 52-Wk High	Market Value	Enterprise Value	Enterprise Value as a Multiple of					LTM EBITDA Margin
					Revenue		EBITDA		2021P	
					LTM	2020P	LTM	2020P		
Building Products Manufacturers Large-Cap. (EV>\$3.0B)										
Compagnie de Saint-Gobain S.A.	\$38.45	90.0%	\$20,906	\$34,913	0.72x	0.73x	6.1x	6.1x	6.4x	11.8%
Masco Corporation	45.55	91.0%	12,651	15,106	2.25x	2.20x	12.2x	12.1x	11.5x	18.4%
Fortune Brands Home & Security, Inc.	72.61	99.1%	10,104	11,901	2.06x	1.96x	13.0x	12.0x	11.2x	15.9%
James Hardie Industries plc	20.56	92.1%	9,106	10,382	4.06x	3.78x	17.0x	15.6x	14.2x	23.9%
Lennox International Inc.	246.00	82.4%	9,494	10,809	2.84x	2.71x	19.3x	15.8x	14.9x	14.7%
Owens Corning	62.99	91.7%	6,853	10,255	1.43x	1.40x	8.2x	7.7x	7.2x	17.4%
Trex Company, Inc.	101.89	99.0%	5,944	5,853	8.12x	7.91x	31.2x	29.3x	23.9x	26.0%
Armstrong World Industries, Inc.	105.02	98.6%	5,093	5,699	5.53x	5.45x	20.3x	14.1x	13.2x	27.2%
Acuity Brands, Inc.	116.61	79.1%	4,573	4,729	1.32x	1.32x	8.9x	7.8x	NA	14.8%
Cornerstone Building Brands, Inc.	9.15	93.5%	1,149	4,688	1.40x	0.97x	NM	8.3x	7.6x	3.9%
	Median	91.9%			2.16x	2.08x	13.0x	12.1x	11.5x	16.6%
	Mean	91.7%			2.97x	2.84x	15.2x	12.9x	12.2x	17.4%
Building Products Manufacturers Mid-Cap. (EV<\$3.0B)										
Simpson Manufacturing Co., Inc.	\$85.36	96.7%	\$3,784	\$3,581	3.15x	2.97x	16.7x	14.5x	13.3x	18.8%
Masonite International Corporation	81.01	99.2%	2,015	2,761	1.27x	1.24x	10.3x	8.5x	8.0x	12.3%
American Woodmark Corporation	115.70	99.4%	1,958	2,618	1.59x	1.57x	11.1x	10.5x	9.7x	14.4%
Griffon Corporation	20.44	80.2%	893	2,131	0.95x	0.93x	10.2x	9.8x	NA	9.3%
Gibraltar Industries, Inc.	55.00	97.2%	1,775	1,666	1.62x	1.59x	14.3x	12.9x	11.4x	11.3%
Apogee Enterprises, Inc.	33.64	72.0%	892	1,191	0.85x	0.82x	11.6x	7.6x	6.6x	7.4%
Quanex Building Products Corporation	18.75	91.8%	620	747	0.84x	0.84x	7.4x	7.3x	7.0x	11.2%
	Median	96.7%			1.27x	1.24x	11.1x	9.8x	8.9x	11.3%
	Mean	90.9%			1.47x	1.42x	11.7x	10.2x	9.3x	12.1%

Public Companies' Trading Statistics

(\$ in millions except share price data)

Company	Stock Price 2/19/20	% of 52-Wk High	Market Value	Enterprise Value	Enterprise Value as a Multiple of					LTM EBITDA Margin
					Revenue		EBITDA		2021P	
					LTM	2020P	LTM	2020P		
Building Products Distributors										
Ferguson plc	\$98.41	99.7%	\$22,074	\$23,353	1.06x	1.04x	13.3x	12.7x	11.9x	8.0%
Pool Corporation	236.00	99.6%	9,449	10,110	3.16x	2.95x	27.3x	24.4x	22.3x	11.6%
Watsco, Inc.	170.56	93.2%	5,996	6,581	1.38x	1.30x	16.8x	15.7x	15.0x	8.2%
Beacon Roofing Supply, Inc.	35.77	89.4%	2,461	5,999	0.85x	0.83x	14.2x	11.9x	11.0x	6.0%
Builders FirstSource, Inc.	27.27	97.9%	3,158	4,772	0.65x	0.66x	9.5x	9.3x	8.6x	6.9%
BlueLinx Holdings Inc.	13.54	38.2%	127	866	0.32x	0.33x	21.4x	11.2x	8.9x	1.5%
CanWel Building Materials Group Ltd.	4.16	96.2%	323	646	0.66x	0.63x	14.4x	10.1x	9.1x	4.6%
Hardwoods Distribution Inc.	12.47	95.7%	266	404	0.46x	0.45x	10.8x	6.8x	6.0x	4.3%
Taiga Building Products Ltd.	0.87	97.2%	98	249	0.25x	NA	7.0x	NA	NA	3.6%
Huttig Building Products, Inc.	1.31	36.4%	35	226	0.27x	NA	NM	NA	NA	0.5%
Goodfellow Inc.	4.03	82.7%	35	56	0.17x	NA	7.3x	NA	NA	2.3%
	Median	95.7%			0.65x	0.74x	13.7x	11.5x	10.1x	4.6%
	Mean	84.2%			0.84x	1.02x	14.2x	12.8x	11.6x	5.2%
Building Materials Manufacturers										
LafargeHolcim Ltd	\$50.07	91.2%	\$30,301	\$46,144	1.65x	1.67x	7.8x	7.0x	7.0x	21.2%
CRH plc	37.98	95.8%	29,874	41,595	1.30x	1.29x	10.2x	8.9x	9.0x	12.8%
HeidelbergCement AG	66.33	83.9%	13,152	25,387	1.22x	1.19x	7.6x	6.4x	6.3x	16.0%
Vulcan Materials Company	137.17	90.0%	18,155	21,056	4.27x	3.99x	17.1x	14.5x	13.2x	25.1%
Martin Marietta Materials, Inc.	257.20	91.3%	16,049	18,802	4.25x	3.74x	15.0x	13.4x	12.2x	28.4%
CEMEX, S.A.B. de C.V.	0.38	70.8%	5,678	17,160	1.31x	1.24x	8.3x	6.9x	6.5x	15.7%
Eagle Materials Inc.	90.17	92.9%	3,755	4,622	3.25x	3.04x	12.1x	9.7x	9.4x	26.8%
U.S. Concrete, Inc.	37.94	67.5%	621	1,398	0.94x	0.93x	8.6x	7.3x	6.6x	11.0%
	Median	90.6%			1.48x	1.48x	9.4x	8.1x	8.0x	18.6%
	Mean	85.4%			2.28x	2.14x	10.8x	9.2x	8.8x	19.6%

Public Companies' Trading Statistics

(\$ in millions except share price data)

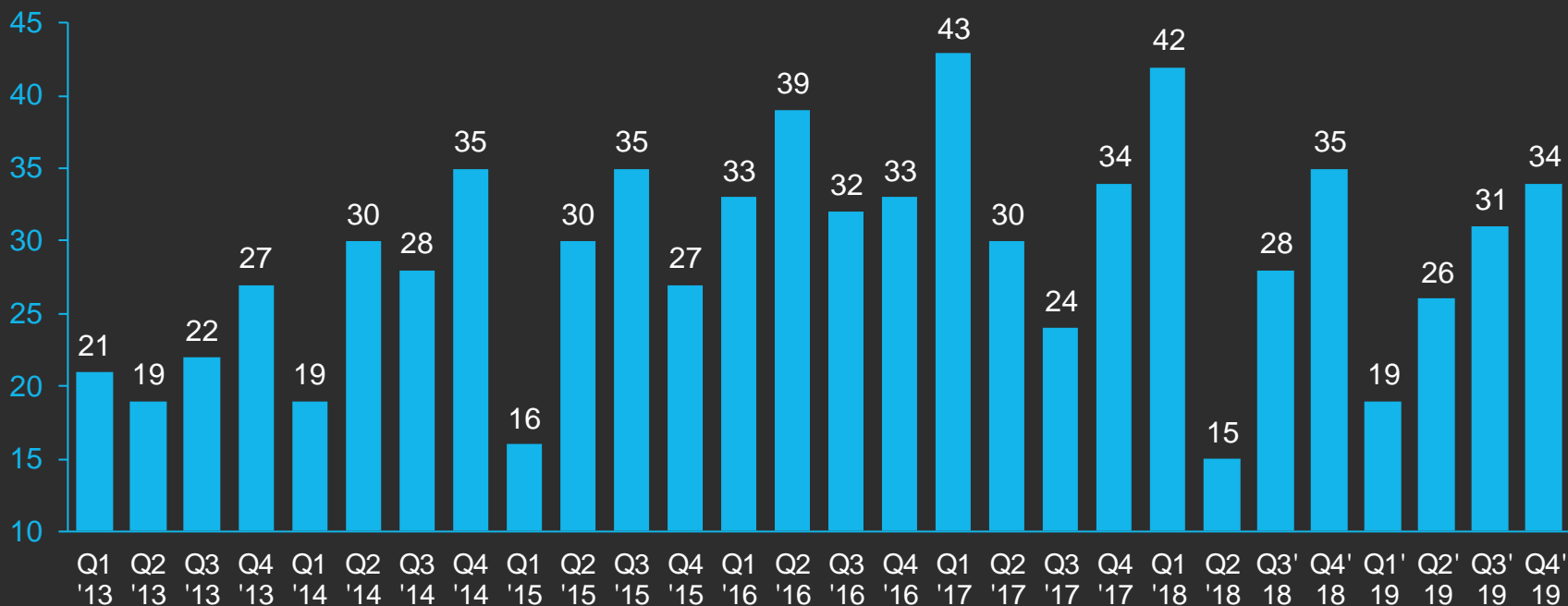
Company	Stock Price 2/19/20	% of 52-Wk High	Market Value	Enterprise Value	Enterprise Value as a Multiple of					LTM EBITDA Margin
					Revenue		EBITDA			
					LTM	2020P	LTM	2020P	2021P	
Homebuilders										
Lennar Corporation	\$70.12	98.4%	\$21,599	\$30,045	1.35x	1.33x	11.6x	9.9x	9.4x	11.6%
D.R. Horton, Inc.	61.83	98.9%	22,652	25,203	1.39x	1.31x	11.0x	9.3x	8.7x	12.7%
PulteGroup, Inc.	46.65	98.6%	12,594	14,603	1.43x	1.31x	10.4x	8.4x	8.0x	13.8%
NVR, Inc.	3,960.00	97.6%	14,386	13,959	1.88x	1.78x	13.0x	12.4x	11.9x	14.4%
Toll Brothers, Inc.	47.05	95.4%	6,173	8,856	1.23x	1.21x	11.1x	8.7x	8.9x	11.0%
KB Home	39.66	97.9%	3,554	4,849	1.07x	0.93x	12.2x	7.6x	7.0x	8.8%
M.D.C. Holdings, Inc.	44.62	91.1%	2,792	3,554	1.08x	0.95x	10.9x	7.5x	6.8x	9.9%
Meritage Homes Corporation	71.77	93.4%	2,736	3,436	0.94x	0.92x	10.0x	8.1x	7.6x	9.3%
M/I Homes, Inc.	42.23	87.9%	1,188	1,956	0.78x	0.75x	9.5x	NA	NA	8.2%
Hovnanian Enterprises, Inc.	28.82	87.6%	166	1,874	0.93x	NA	NM	NA	NA	1.8%
Beazer Homes USA, Inc.	14.47	84.0%	433	1,615	0.77x	0.75x	22.0x	8.9x	NA	3.5%
	Median	95.4%			1.08x	1.08x	11.1x	8.7x	8.4x	9.9%
	Mean	93.7%			1.17x	1.12x	12.2x	9.0x	8.5x	9.5%
Lumber and Wood Products Manufacturers										
Weyerhaeuser Company	\$30.12	95.4%	\$22,455	\$28,849	4.40x	4.19x	25.6x	18.8x	16.9x	17.2%
Louisiana-Pacific Corporation	33.32	97.2%	3,733	3,954	1.71x	1.55x	19.9x	9.1x	8.7x	8.6%
West Fraser Timber Co. Ltd.	46.23	85.1%	3,174	3,950	1.05x	0.99x	NM	8.6x	7.2x	2.5%
Universal Forest Products, Inc.	49.30	93.3%	3,027	3,197	0.73x	0.71x	10.5x	10.2x	9.5x	6.9%
Norbord Inc.	32.21	95.3%	2,623	3,312	1.91x	1.69x	24.5x	7.7x	7.8x	7.8%
Canfor Corporation	9.95	80.8%	1,246	2,426	0.70x	0.68x	NM	NM	7.1x	0.5%
Boise Cascade Company	38.73	96.5%	1,510	1,737	0.38x	0.37x	9.3x	8.3x	7.6x	4.1%
	Median	95.3%			1.05x	0.99x	19.9x	8.8x	7.8x	6.9%
	Mean	91.9%			1.55x	1.46x	18.0x	10.5x	9.3x	6.8%

2H 2019 M&A Activity Experiences Slight Uptick from 2H 2018

M&A activity in the sector remained strong in 2019, with 110 completed transactions involving target companies headquartered in the U.S. or Canada. Activity in 2019 was down 8.3% relative to 2018, but the second half of 2019 was up 44.4% from the first half of 2019.

The surge in 2H 2019 activity was likely driven by an increase in sellers seeking to capitalize on strong revenues and earnings, and the strong acquisition appetite of private equity firms and strategics, particularly because of the abundance of debt and equity capital.

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 2H 2019 ●●●●●●

Date Announced	Target	Target Country	Acquiror	Target Business Description
Building Products Distributors				
Dec-19	N & S Supply of Fishkill, Inc.	United States	Watsco, Inc. (NYSE:WSO)	Distributes plumbing, heating, HVAC and specialty products to contractors and homeowners
Dec-19	Builders' Hardware and Specialty Company, Inc.	United States	The Cook & Boardman Group, LLC	Manufactures doors and architectural hardware, access control systems, and specialty products and services
Nov-19	Premier Building Supply, LLC	United States	Installed Building Products, Inc. (NYSE:IBP)	Supplies and installs building products
Nov-19	Banner Solutions	United States	Tailwind Capital Group, LLC	Wholesaler of electronic access control door hardware and security products
Nov-19	H2H Commercial, LLC	United States	Professional Builders Supply, LLC	Distributes commercial and residential doors, wood trim and hardware
Oct-19	Roofers Supply Inc.	United States	SRS Distribution Inc.	Distributes roofing materials for commercial or residential contractors, and homeowners in Utah
Oct-19	Dixie Carpet Installations, Inc.	United States	Artisan Design Group, Inc.	Provides and installs carpets, vinyl tiles and sheets, vinyl planks, laminates, and hardwoods for commercial buildings
Oct-19	H.G. Meigs, LLC	United States	Asphalt Materials, Inc.	Distributes road building products
Oct-19	Forge Lumber LLC	United States	US LBM Holdings, Inc.	Offers building material distribution and construction subcontracting services
Oct-19	Advanced Window, Inc.	United States	Exchange Income Corporation	Supplies building materials to construction and design professionals
Sep-19	Pasek Corporation	United States	DH Pace Company, Inc.	Engages in sales, installation and service of hardware, security and access control systems
Sep-19	MCS Landscape Supply, LLC	United States	Heritage Landscape Supply Group, Inc.	Distributes hardscape and landscape supplies
Sep-19	Mike's Flooring Companies	United States	Interior Logic Group, Inc.	Engages in wholesale distribution and retail floorings
Sep-19	Schultz Roofing Supply Company	United States	SRS Distribution Inc.	Markets and distributes roofing products
Aug-19	Allen & Allen Company, Inc.	United States	TRTF Community House	Supplies building materials to construction and design professionals

Notable M&A Activity 2H 2019

Date Announced	Target	Target Country	Acquiror	Target Business Description
Building Products Manufacturers				
Dec-19	Assets of Northwestern Industries	United States	Glasswerks, Inc.	Comprises glass fabrication plants in Seattle, Washington and Yuma, Arizona
Dec-19	Quality Acrylic Baths, Inc.	United States	Royal Baths Manufacturing Company	Manufactures acrylic tubs
Dec-19	Swisstrax Corporation	United States	The Recreational Group LLC	Manufactures flooring tiles
Dec-19	Speedway Tile	United States	The Recreational Group LLC	Designs and manufactures interlocking garage floor tiles
Dec-19	TrueCore, LLC	United States	Nucor Corporation	Manufactures and installs insulated metal panels for the cold storage and commercial/industrial markets
Dec-19	NewSouth Window Solutions, LLC	United States	PGT Innovations, Inc.	Manufactures and installs custom replacement doors and windows
Dec-19	Erie Architectural Products Inc	Canada	YKK AP America Inc.	Manufactures curtain wall systems
Dec-19	Icynene-Lapolla	Canada	Huntsman Corporation	Manufactures and distributes spray polyurethane foam insulation products
Nov-19	Built Strong Exteriors LLC	United States	Restoration Builders Inc.	Provides roofing, siding, windows and insulation products and services
Nov-19	Flooring Manufacturing Operations of Mohawk Industries, Inc.	United States	Beasley Flooring Products, Inc.	Manufactures flooring products
Nov-19	EdgeTech, Inc.	United States	NxEdge Inc.	Manufactures finger joint, moulder, hydraulic and custom tools for the secondary wood working and building industry
Nov-19	C-Thru Sunrooms	United States	Latium USA Trading, Inc.	Designs, builds and manufactures custom-made sunrooms, conservatories, solariums, awnings and patios
Nov-19	Specified Fittings, Inc.	United States	The Harrington Corporation	Manufactures and fabricates pipe fittings
Nov-19	Great Bay Software, Inc.	United States	Plixer International, Inc.	Develops network-based authentication solutions
Nov-19	Dynamic Air Shelters, Inc.	Canada	Stam Group	Manufactures shelters for oil industry, military and emergency medical structures in disaster zones

Notable M&A Activity 2H 2019 ..●●●●●

Date Announced	Target	Target Country	Acquiror	Target Business Description
Building Products Manufacturers (cont'd)				
Nov-19	Horizon Services, LLC	United States	New Mountain Capital	Provides air conditioning, heating and plumbing services
Nov-19	Continental Building Products, Inc.	United States	CertainTeed Gypsum & Ceiling USA, Inc.	Manufactures and sells gypsum wallboard and complementary finishing products
Nov-19	Certain assets of The Keeney Manufacturing Company	United States	Oatey Company, Inc.	Comprises plastic injection molding operation and distribution facilities
Nov-19	BWT FLA LLC d/b/a Bestway Tools	United States	Mayhew Steel Products, Inc.	Manufactures hand tools such as screwdrivers and ratchet and socket sets
Oct-19	LAMVIN Inc.	United States	Sound Seal Inc.	Manufactures architectural acoustical wall panels and acoustical ceiling panels
Oct-19	Substantially all of the assets of Pacific Mutual Door Company Inc.	United States	Hardwoods Distribution Inc.	Comprises doors and other related building products
Oct-19	A2Z Coatings LLC	United States	TGM Coatings, LLC	Offers floor coatings, resurfacing and re-coating; concrete restoration, sealing and cleaning; and seal coating services
Oct-19	Oberon, Inc.	United States	Chatsworth Products, Inc.	Manufactures and sells wireless access point mounting solutions and enclosures
Oct-19	Custom Window Systems, Inc.	United States	Pella Corporation	Designs, manufactures and distributes window and door products for residential and commercial applications
Oct-19	Texas United Pipe, Inc.	United States	Sanderson Pipe Corporation	Manufactures polyvinyl chloride and foam core pipes
Oct-19	Milgard Manufacturing Inc.	United States	MI Windows and Doors, LLC	Manufactures windows and doors
Oct-19	Stiles Custom Metal, Inc.	United States	ASSA ABLOY AB	Manufactures metal doors, sash and trim, specializing in doors and window or door frames
Sep-19	Global Foam Company	United States	Fifty-Five Manufacturing Inc.	Manufactures unfinished architectural shapes using polystyrene foam
Aug-19	Barrett Roofs, Inc.	United States	Keene Building Products, Inc.	Manufactures and sells asphalt roofing and waterproofing products and systems

Notable M&A Activity

2H 2019

Date Announced	Target	Target Country	Acquiror	Target Business Description
Building Products Manufacturers (cont'd)				
Sep-19	Bel Shower Door Corporation	United States	Denver Glass Interiors, Inc.	Manufactures custom shower and tub enclosures
Sep-19	APi Group, Inc.	United States	J2 Acquisition Limited	Engages in the energy, life safety, infrastructure and specialty construction businesses
Aug-19	Clearline, Inc.	United States	WindowMaster Control Systems Inc.	Manufactures and sells window automation products, including window actuators and window control systems
Aug-19	Silver-Line Plastics Corporation	United States	IPEX USA LLC	Manufactures and markets plastic pipe products
Aug-19	Prime-Line, Inc.	United States	Arauco North America	Manufactures medium and light density fiberboards, moulding, doors and millwork products
Aug-19	Acoustical & Tackable Surfaces, Inc.	United States	Sound Seal Inc.	Manufactures acoustical wall and ceiling panels
Aug-19	Therm-Con, LLC and Foamtech, Inc.	United States	Installed Building Products, Inc.	Provides insulation, fireplace, shower doors, closet shelving and mirror installation
Aug-19	Abbotsford Concrete Products Ltd.	Canada	Oldcastle APG, Inc.	Manufactures decorative pavers
Aug-19	Watermark Designs, LLC.	United States	Dimora Brands, Inc.	Manufactures luxury faucets, shower drains, grab bars and bathroom accessories
Aug-19	Infiltrator Water Technologies, LLC	United States	Advanced Drainage Systems, Inc.	Manufactures and sells various products for the onsite wastewater and water industry
Aug-19	Engineered Specialties, LLC	United States	Pfingsten Partners	Manufactures and distributes compressed air piping systems
Aug-19	SurePods	United States	WND Ventures	Manufactures fully outfitted and prefabricated bathrooms in North America

Notable M&A Activity 2H 2019.....

Date Announced	Target	Target Country	Acquiror	Target Business Description
Lumber and Wood Manufacturers				
Dec-19	Poutrelles Internationales Inc.	Canada	Groupe Lebel inc.	Comprises a hardwood-manufacturing business
Oct-19	Total assets of Phifer Lumber Co.	United States	H&H Hardwoods L.L.C.	Engages in buying, recycling and supplying wooden pallets
Sep-19	Pallet USA, LLC	United States	Universal Forest Products, Inc.	Manufactures medium and light density fiberboards, moulding, doors and millwork products
Aug-19	Prime-Line, Inc.	Canada	Arauco North America	Manufactures engineered wood products
Apr-19	Three sawmills of Conifex Timber Inc.	United States	Resolute FP US Inc.	Comprises production of construction-grade dimensional lumber and decking products

Notable M&A Activity 2H 2019.....

Date Announced	Target	Target Country	Acquiror	Target Business Description
Building Materials Manufacturers				
Dec-19	Topline Counters, LLC	United States	Patrick Industries, Inc.	Engages in design and installation of laminate, solid surface and natural stone products
Dec-19	Cherry Industries, Inc.	United States	Arcosa, Inc.	Produces natural and recycled sand and concrete
Nov-19	Le Groupe Bau-Val inc.	Canada	Roxboro Excavation Inc.	Manufactures aggregates, concrete, building material, and conventional and low-energy plant mix
Nov-19	Any Old Stone, LLC	United States	Construction Resources, Inc.	Produces and sells stone-made slabs
Oct-19	Elliott Stone Company Inc.	United States	Polycor Inc.	Engages in quarrying and fabrication of limestone in Indiana
Oct-19	Rappahannock Concrete Corporation	Canada	Vulcan Materials Company	Manufactures and supplies hardscape, masonry and building materials
Sep-19	Lincoln Ventures Ltd.	Canada	DimensionalMechanics Inc.	Engages in the manufacture and distribution of advanced composite materials
Sep-19	Standard Gravel Company, LLC	United States	StonePoint Materials, LLC	Produces sand and gravel
Aug-19	Ruby Concrete Company	United States	Wright Concrete & Construction, Inc.	Manufactures and sells bricks and mortar
Aug-19	Noble Concrete	Canada	RMC Group of Companies Ltd.	Manufactures ready-mix concrete
Aug-19	Sioux City Brick & Tile Company	United States	Brickworks Limited	Manufactures clay bricks
Aug-19	Majestic Stone, Inc.	United States	Horizon Stone, LLC	Engages in the production and supply of stones
Jul-19	Harold Sutherland Construction Ltd.	Canada	Walker Aggregates Inc.	Manufactures aggregates, asphalt and concrete materials in Canada

Notable M&A Activity 2H 2019.....●

Date Announced	Target	Target Country	Acquiror	Target Business Description
Homebuilders and Contractors				
Dec-19	A. Epstein and Sons International, Inc.	United States	One Technologies, LLC	Provides design, engineering and construction services
Dec-19	Magellan Development Group, LLC	United States	Winter Properties LLC; BLG Capital Advisors	Develops, constructs and operates residential and commercial real estate properties
Dec-19	Gulf Coast Insulation, LLC	United States	Installed Building Products, Inc.	Provides spray foam and fiberglass insulation installation services to residential customers
Dec-19	Milholland Electric Inc.	United States	Solar Integrated Roofing Corporation	Provides roofing, solar and electrical contracting services
Nov-19	Kaede Construction Ltd.	Canada	Big Rock Forming & Framing Ltd.	Provides home building services
Nov-19	Fairbanks Construction	United States	West Shore Home	Provides home construction and improvement services
Nov-19	Contractors Northwest, Inc.	United States	LaRiviere CNI	Provides general contracting services
Nov-19	William Lyon Homes	United States	Taylor Morrison Home Corporation	Designs, constructs, markets and sells single-family detached and attached homes
Nov-19	Elite Homes, Inc.	United States	Arbor Homes, LLC	Operates as a luxury home builder
Sep-19	Ohio Basement Systems	United States	Groundworks Companies	Provides waterproofing, foundation, and crawl space repair services
Sep-19	The luxury custom homebuilding division of Richard Attack Construction	United States	Perkinson Homes, Inc.	Luxury custom homebuilding

Duff & Phelps' Recent Transactions

Placement Agent



a portfolio company of



has received a \$40,000,000 senior credit facility from



Sell Side Advisor



has been acquired by



Sell Side Advisor



has been acquired by



Sell Side Advisor



a Hart Group, Inc. company 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



has been acquired by



Sell Side Advisor



has been acquired by



CONTACT

United States

David Althoff

Global Head of Diversified Industrials M&A

+1 312 697 4625

david.althoff@duffandphelps.com

Jacob Rapp

Director

+1 312 697 4962

jacob.rapp@duffandphelps.com

Eric Williams

Director

+1 212 450 2856

eric.williams@duffandphelps.com

Canada

Howard E. Johnson

Managing Director

+1 416 597 4500

howard.johnson@duffandphelps.com

Devin Kennealy

Vice President

+1 416 361 6749

devin.kennealy@duffandphelps.com

Europe

Dafydd Evans

Managing Director

+44 (0) 20 7089 4850

dafydd.evans@duffandphelps.com

Paul Teuten

Managing Director

+44 (0) 20 7089 4840

paul.teuten@duffandphelps.com

Andreas Stoecklin

Country Head of Germany

+49 69 7191 8466

andreas.stoecklin@duffandphelps.com

About Duff & Phelps

Duff & Phelps is the global advisor that protects, restores and maximizes value for clients in the areas of valuation, corporate finance, investigations, disputes, cyber security, compliance and regulatory matters, and other governance-related issues. We work with clients across diverse sectors, mitigating risk to assets, operations and people. With Kroll, a division of Duff & Phelps since 2018, our firm has nearly 3,500 professionals in 28 countries around the world.

For more information, visit www.duffandphelps.com. © 2020 Duff & Phelps, LLC.

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, capital raising and secondary market advisory services in the United Kingdom are provided by Duff & Phelps Securities Ltd. (DPSL), which is authorized and regulated by the Financial Conduct Authority. M&A advisory and capital raising services in Germany are 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.