

Industry Insights:

First Quarter 2016

Building Products and Materials

2015 By the Numbers

 **12.0%** increase in building permits

 **10.8%** increase in housing starts

 **9** consecutive months that housing starts (annual rate) exceeded one million

 **5.7%** increase in the 20-city home price index

2015 Highlights

M&A activity remained strong with 161 transactions

Housing starts and building permits experienced strong year-over-year increases

New and existing home sales are at their highest levels since 2007 and 2006, respectively

Non-residential construction spending up 9.0% from 2014

Both the Housing Market Index and Architectural Billings Index ended the year above 50, indicating that construction activity should remain strong in 1H 2016

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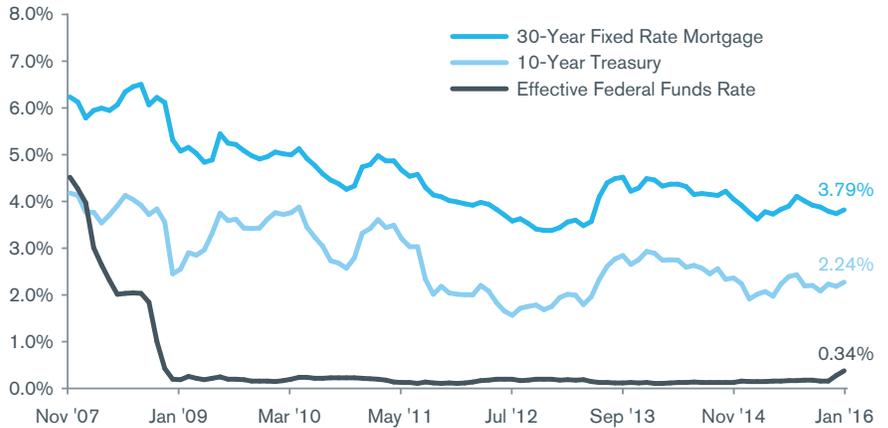
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Housing Indicators

Key Interest Rates

The 30-year mortgage rate rose in November and December, coinciding with the anticipation and implementation of the Fed rate hike. The slight uptick in interest rates appeared to have little to no effect on housing sales and refinancing activity. The 30-year rate ended the year at 4.01%. In January, the 30-year rate declined to 3.79%, as the yield on 10-year Treasury notes fell due to growing concerns about the economy.

Key Interest Rates – Monthly Trends

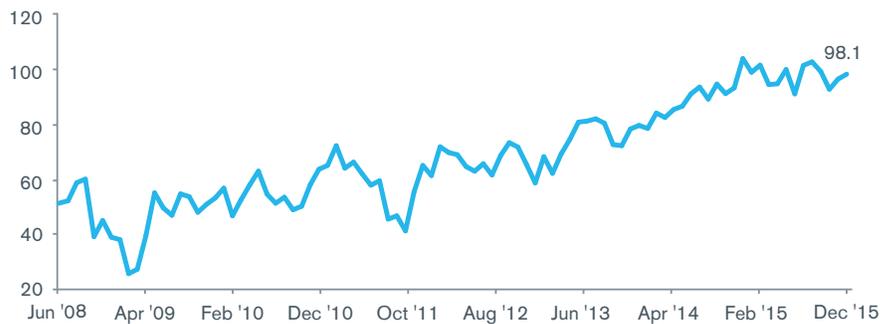


Seasonally Adjusted
Source: Federal Reserve Bank of St. Louis, Economic Research (FRED)

Consumer Confidence Index (CCI)

Despite the largest monthly decline in the CCI in over four years in December, the CCI increased from 93.1 to 96.3 in 2015 due to strong consumer optimism in the first half of the year. In January, the CCI rose to 98.1. The fluctuation in the CCI reflects consumers' uncertainty about the economy, which may impact future housing activity.

Consumer Confidence Index

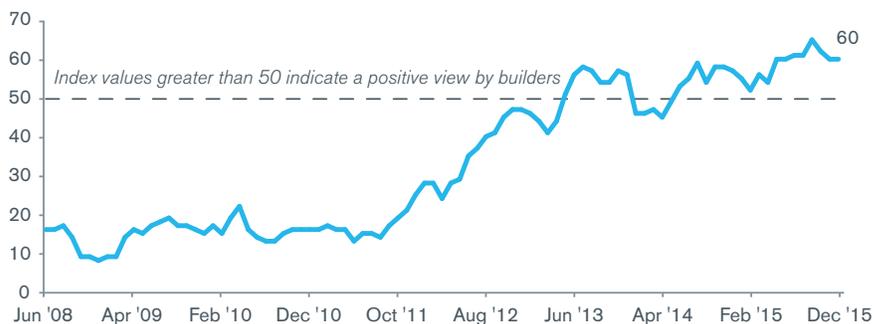


Indexed to 1985
Source: The Conference Board

NAHB Housing Market Index (HMI)

The HMI, a measure of builder confidence, was 60 at the end of January, marking the eighth consecutive month the HMI has been at or above 60 and 19th consecutive month it has been above 50, indicating that builders expect future growth in the housing market.

NAHB Housing Market Index (Builder Confidence)



Seasonally Adjusted
Source: National Association of Home Builders

Housing Starts Exceeded the Million-Mark for Nine Consecutive Months

National Housing Starts

Seasonally adjusted national housing starts exceeded the million-mark for the last nine months of 2015. U.S. housing starts in December were at a seasonally adjusted rate of 1,143,000, which is down 2.8% compared to a month ago and up 5.8% from the same period a year ago. The month-over-month decline in housing starts was preceded by a meaningful increase in November of 9.8%.

After trending down in the first half of 2015, housing starts for single-family homes surged in the second half to a seasonally adjusted annual rate of 761,000 in December, which is 10.8% higher than June 2015. Meanwhile, seasonally adjusted housing starts for multi-family homes decreased 28.8% compared to June 2015, but were 8.0% above December 2014.

Housing starts in 2015 increased 10.8% to 1,111,200 compared to 2014, marking the strongest year since 2007.

Regional Housing Starts

In 2015, three regions reported year-over-year gains in housing starts: Northeast, South and West.

The Northeast was the strongest performer, with housing starts 26.5% higher compared to 2014. Housing starts in the Northeast ended the year strongly at a seasonally adjusted annual rate that was 26.6% higher than the prior month and 43.4% above December 2014. This was likely driven by the unseasonably warm weather in the Northeast in December.

The South also performed well with starts up 11.8% in 2015 and a seasonally adjusted annual rate in December that was 15.4% higher compared to a year ago.

Housing starts in the West increased 13.1% in 2015, but the seasonally adjusted annual rate declined to 248,000 in December, which was 7.5% below the prior month and 17.1% lower than December 2014.

The Midwest was the only region with a decline in housing starts in 2015, dropping by 6.3%.

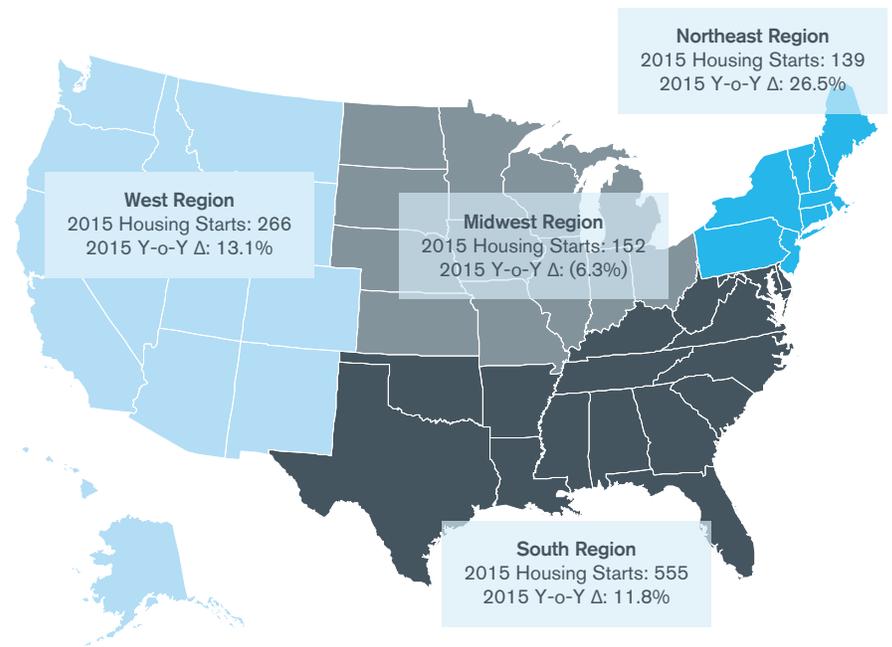
U.S. Housing Starts (units in thousands)



2015 Unadjusted Housing Starts: 1,111 Year-over-Year Δ: 10.8%

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

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



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

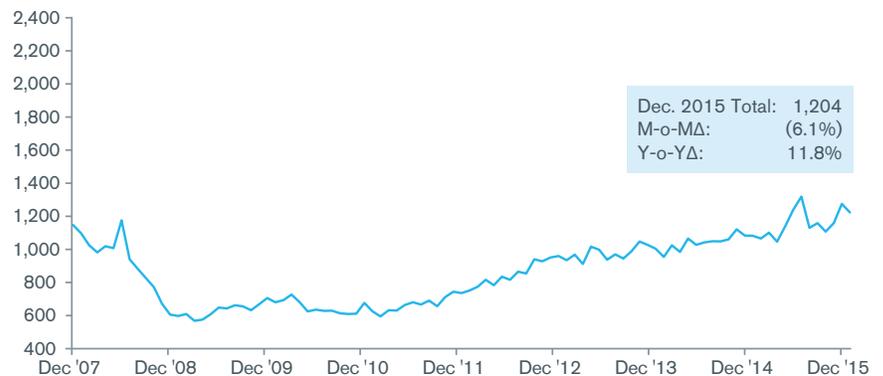
Building Permits Up 12% in 2015

National Building Permits

In 2015, actual building permits were up 12.0% relative to the prior year. In December, building permits decreased to a seasonally adjusted annual rate of 1,204,000, which is 6.1% lower than November permits, but 11.8% higher than December 2014 permits.

The year-over-year increase in building permits is attributable to gains in permits for both single-family and multi-family dwellings of 7.0% and 22.8%, respectively, compared to December 2014.

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



2015 Unadjusted Actual Building Permits: 1,178 Year-over-Year Δ: 12.0%

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

Regional Building Permits

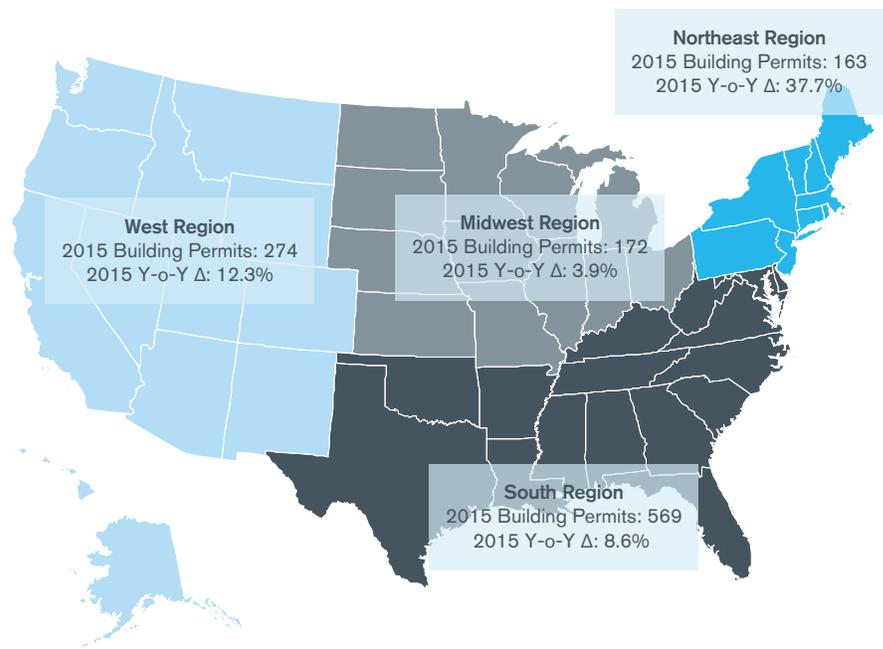
All regions experienced an increase in building permits in 2015 compared to 2014.

The Northeast was the strongest with building permits up 37.7% compared to the prior year and the seasonally adjusted annual rate up 56.6% in December over the prior month and 100.0% above December 2014.

Building permits in the West, South and Midwest regions increased 12.3%, 8.6% and 3.9%, respectively, over 2014.

In December, seasonally adjusted annual building permits were up 10.4% and 0.3% in the West and South, respectively, compared to the same month a year ago, while they were down 0.6% in the Midwest.

Authorized Building Permits by Region (units in thousands)



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

New and Existing Home Sales Reach Highest Levels Since the Recession

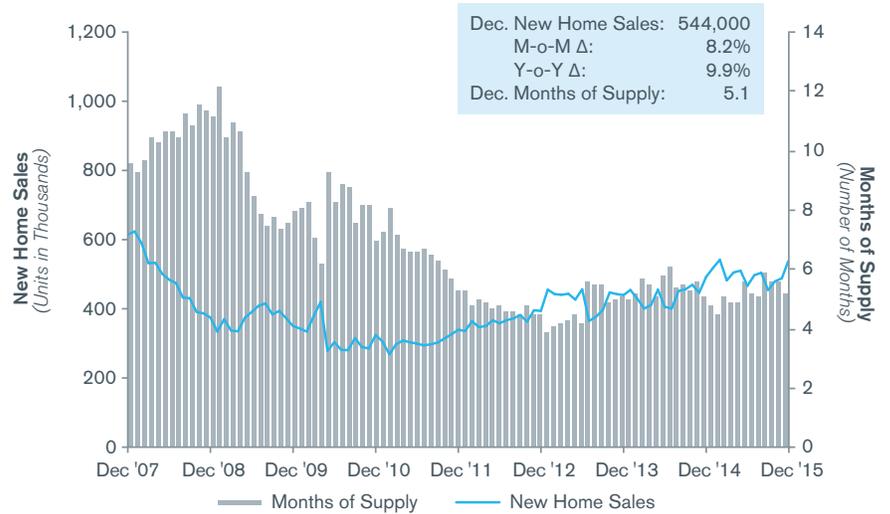
New Home Sales and Supply

In 2015, new home sales experienced strong gains, increasing 8.6% relative to 2014. This marks the most active year since 2007.

New homes sales in December were at a seasonally adjusted annual rate of 544,000, which is 8.2% higher than November and 9.9% higher than December 2014. Sales of new single-family homes in the United States surged to their highest level in 10 months.

The inventory of new homes decreased to 5.1 months in December, a 7.3% decrease from November, but flat relative to December 2014.

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

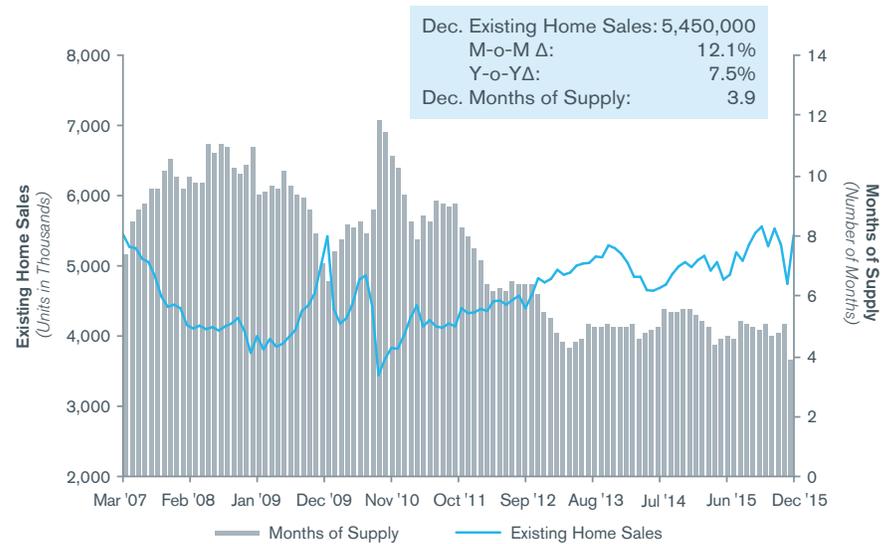
Existing Home Sales and Supply

Sales of existing homes increased 6.3% in 2015 to 5,250,000. This represents the highest number of existing home sales in a single year since 2006.

Existing home sales increased in December to a seasonally adjusted annual rate of 5,450,000, which is 12.1% higher than the 19-month low observed in November and 7.5% above December 2014. Demand for housing has been bolstered by steady job growth that coupled with attractive mortgage rates has provided households with the financial wherewithal and incentive to purchase homes.

The inventory of existing homes decreased to 3.9 months in December, a 22.0% decrease from November and 11.4% decrease from December 2014.

Existing Homes – Sales and Months of Supply



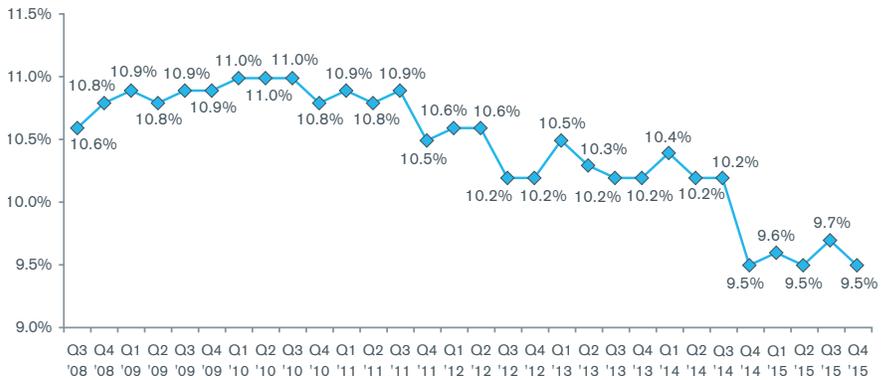
Existing Home Sales: Seasonally Adjusted Annual Rate
 Months Supply: Not Seasonally Adjusted
 Source: U.S. Department of Commerce: Census Bureau

Vacancy Rates Remain at Post-Recession Low

Monthly Vacancy Rates

Vacancy rates have demonstrated a generally downward trend since peaking in Q2 2010. Vacancy rates decreased to 9.5% in Q4 2015 from 9.7% in Q3 2015, and are at the lowest level recorded since the housing market downturn.

U.S. Year-Round Vacancy Rates

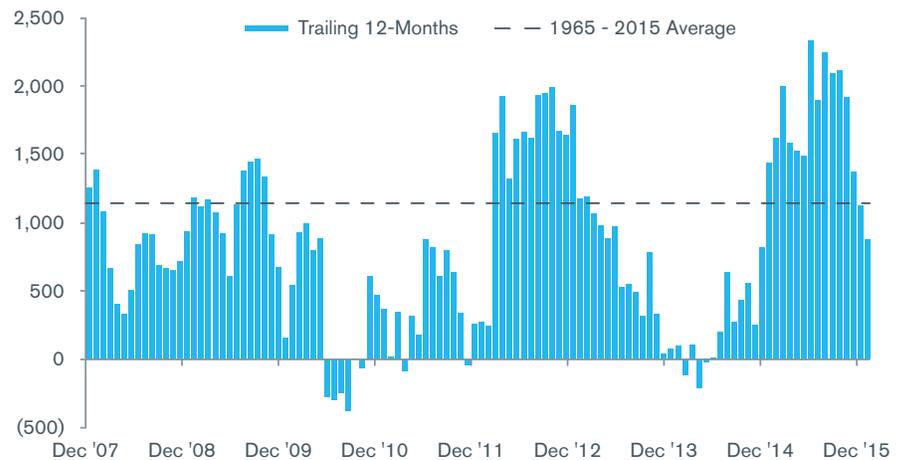


Source: U.S. Department of Commerce: Census Bureau

Household Formations

Household formations, which are a critical driver for home sales and the housing market generally, remained strong in the second half of 2015; although, the rate of new formations began to slow down in the fourth quarter. These new households primarily drive demand for multi-family homes and multi-family construction as new households are more likely to be renters or purchase condominiums.

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



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

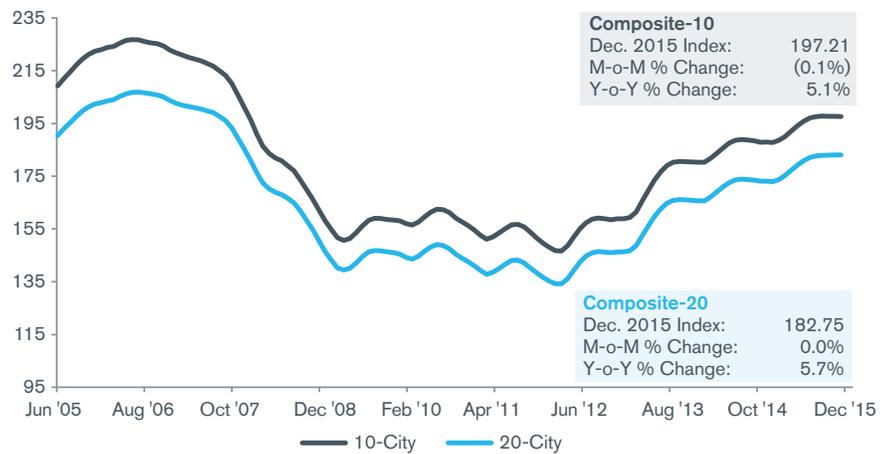
U.S. Home Prices Continue to Climb

S&P / Case-Shiller Home Price Indices*

The 10-City home price index increased 5.1% in December relative to a year ago, while the 20-City home price index increased 5.7%. While both indices are up relative to a year ago, they are flat relative to November, indicating that the steady upward trend in home prices may be over.

The year-over-year growth in home prices was likely driven by the continuation of near-record-low mortgage rates, strong rate of growth in household formations, and decreasing supply of new and existing homes.

S&P / Case-Shiller Indices*



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

Portland, San Francisco and Denver experienced the biggest year-over-year appreciation in home prices, with increases of 11.4%, 10.3% and 10.2%, respectively.

The cities reporting the largest month-over-month increases in December were Tampa, San Diego and Phoenix, reporting increases of 0.9%, 0.7% and 0.5%, respectively.

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

December 2015 – Composite 10			December 2015 – Composite 20		
Metropolitan Area	M-o-M % Δ	Y-o-Y % Δ	Metropolitan Area	M-o-M % Δ	Y-o-Y % Δ
San Francisco	(0.2%)	10.3%	Portland	0.4%	11.4%
Denver	(0.0%)	10.2%	San Francisco	(0.2%)	10.3%
San Diego	0.7%	7.2%	Denver	(0.0%)	10.2%
Miami	(0.3%)	7.1%	Seattle	0.3%	9.9%
Los Angeles	0.4%	6.2%	Dallas	0.2%	9.6%
Las Vegas	0.4%	5.8%	San Diego	0.7%	7.2%
Boston	(0.2%)	4.5%	Miami	(0.3%)	7.1%
New York	(0.3%)	3.3%	Detroit	0.3%	7.1%
Chicago	(0.4%)	2.4%	Tampa	0.9%	6.9%
Washington D.C.	(0.1%)	1.7%	Phoenix	0.5%	6.3%
Composite-10	(0.1%)	5.1%	Los Angeles	0.4%	6.2%
			Las Vegas	0.4%	5.8%
			Atlanta	0.0%	5.5%
			Charlotte	0.3%	5.5%
			Minneapolis	(0.4%)	4.7%
			Boston	(0.2%)	4.5%
			New York	(0.3%)	3.3%
			Cleveland	(0.1%)	2.8%
			Chicago	(0.4%)	2.4%
			Washington D.C.	(0.1%)	1.7%
			Composite-20	0.0%	5.7%

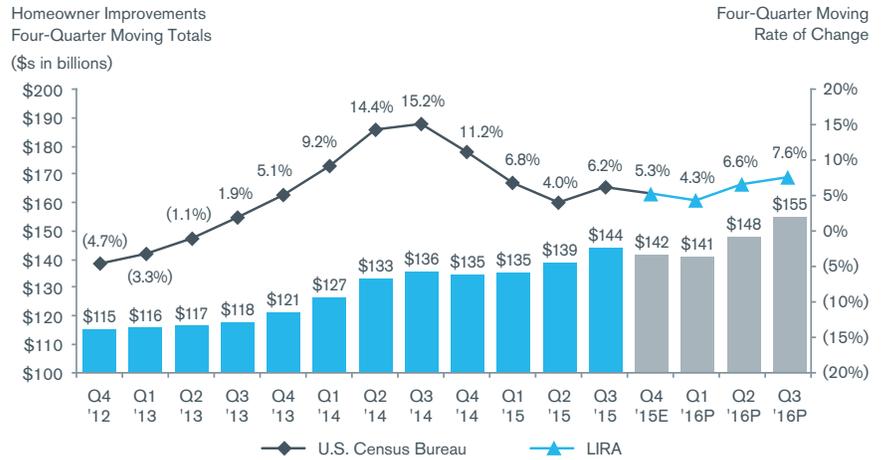
Monthly, Indexed to January 2000
*The S&P / Case-Shiller Home Price Indices are calculated monthly using a three-month moving average and published with a two-month lag
Source: S&P Dow Jones Indices LLC

Strong Remodeling Activity Anticipated in 2016

Leading Indicator of Remodeling Activity (LIRA*)

According to the LIRA, home improvement spending increased 6.2% in Q3 2015 and is estimated to have increased 5.3% in Q4 2015. The rate of growth in home improvement spending is expected to accelerate from 4.3% in Q1 2016 to 7.6% in Q3 2016. The rise in remodeling activity, particularly the increase in larger discretionary projects, is attributable to higher home prices, increased sales activity and strong consumer confidence.

LIRA*

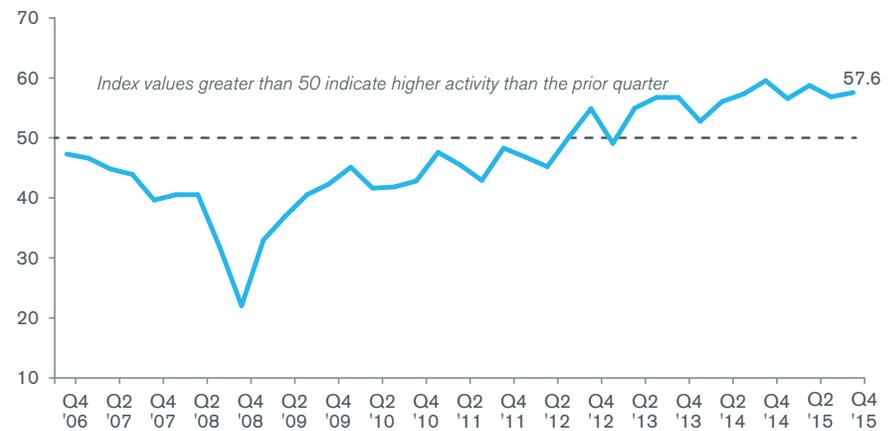


*The LIRA represents the estimated annual rate of change in spending for the current quarter and subsequent three quarters. This annual or moving four-quarter rate of change compares total spending in any given four-quarter period to the total spending that occurred in the four quarters prior to that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

Remodeling Market Index (RMI*)

The RMI increased to 57.6 in Q4 2015 from 56.9 in Q3 2015. While the RMI trended down slightly in the second half of 2015, it remains near the all-time high of 58.8 that was observed in Q2 2015. The RMI has remained above 50 for the last 11 quarters, indicating strong 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

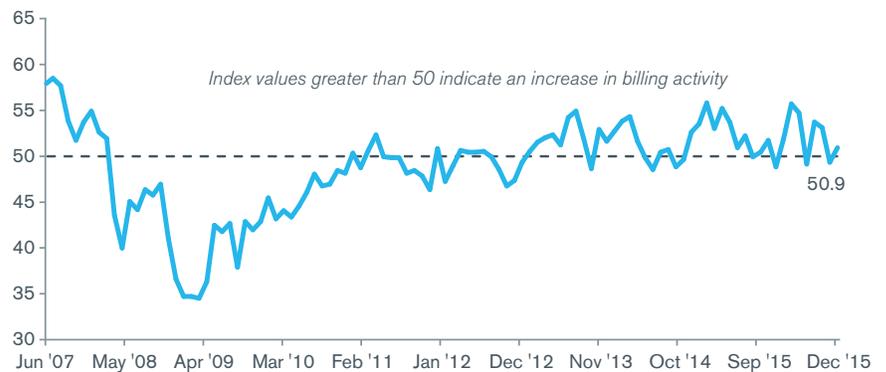
Non-Residential Construction Spending Up 9.0% in 2015

AIA Architectural Billings Index (ABI*)

The ABI, a leading indicator of future non-residential construction activity, has been above 50 for 9 of the last 12 months. The ABI ended the year at 50.9, which was below where it was during most of the second and third quarters of 2015, but slightly above the reading from the prior month.

It is believed that there is a 9 to 12 month lag between architectural billings and construction spending, so the continued strength in the ABI indicates that construction activity should remain strong for the first half of 2016.

Architectural Billings Index*



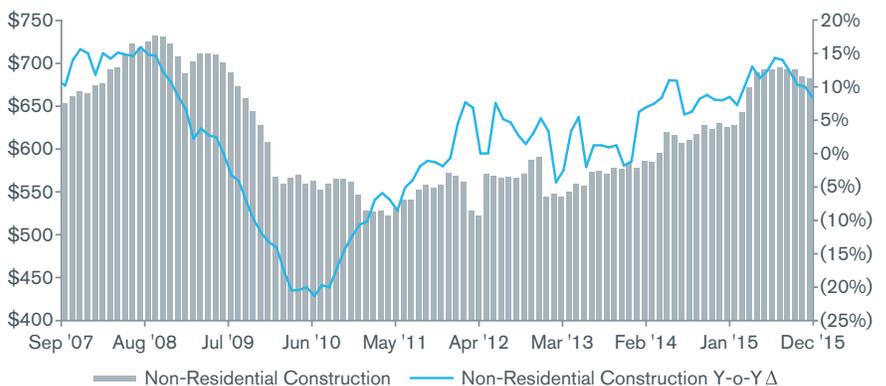
*The ABI is a representative survey conducted by the AIA in attempt to gauge whether architectural firms are reporting an increase or decrease in billing activity from month-to-month. A score above 50 indicates that more than half of the firms that responded are reporting an increase in activity that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

Source: The American Institute of Architects (AIA)

Non-Residential Construction Put in Place

For the full year 2015, non-residential construction spending was up 9.0% over 2014. In December, seasonally adjusted non-residential construction spending was up 8.3% over the same month a year ago, reaching \$681.2 billion. The year-over-year increase was driven by increased spending in several sectors, including communications, lodging, manufacturing, office, highway and street, and educational.

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



Seasonally Adjusted Annual Rate

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

December LTM Construction Spending Summary

December 2015 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
Communication	4.0%	37.2%	Highway and street	9.6%	11.7%
Lodging	(1.3%)	29.1%	Power	(0.3%)	7.6%
Manufacturing	(7.2%)	19.6%	Water supply	(2.9%)	(6.6%)
Office	(1.8%)	16.6%	Conservation and development	(9.9%)	(8.0%)
Educational	(0.8%)	10.0%	Sewage and waste disposal	1.3%	(9.7%)
Amusement and recreation	0.5%	9.2%			
Transportation	(0.8%)	2.3%			
Health care	(3.2%)	0.4%			
Religious	(4.1%)	(1.7%)			
Commercial	(0.6%)	(3.2%)			
Public safety	(4.6%)	(7.4%)			

Seasonally Adjusted Annual Rate

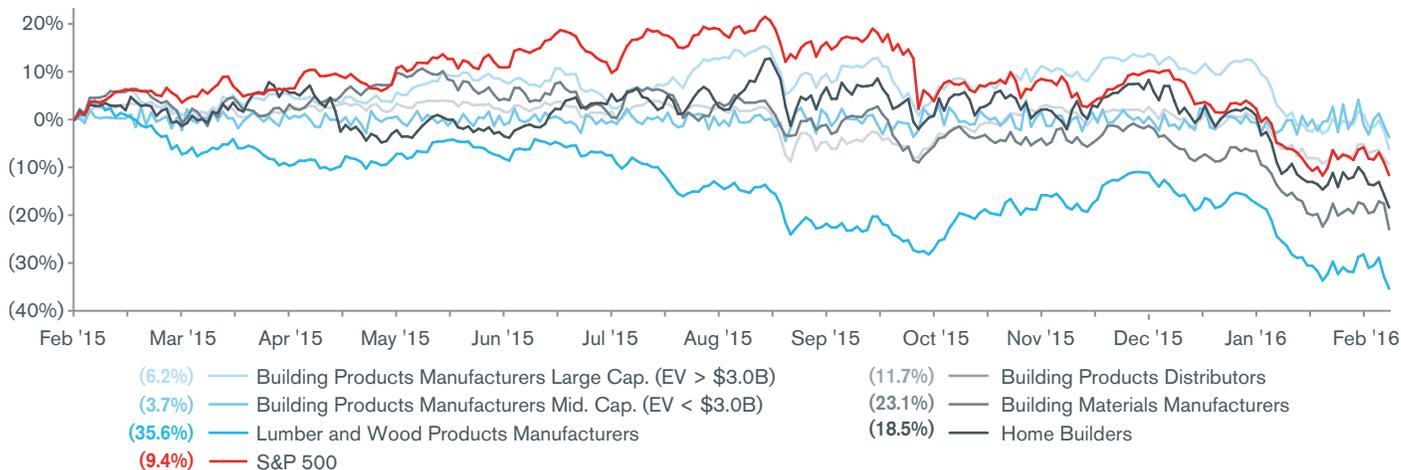
Source: U.S. Department of Commerce: Census Bureau

Public Company Valuations Declined in Line With the Market

Equity Market Performance

Over the past 12 months, the stock price indices for nearly all sectors of the building products and materials industry have underperformed the S&P 500, as global growth concerns and declining oil prices negatively influenced investors' views about the economy and the long-term prospects about the building products and materials sector. The only two indices to outperform the S&P 500 are the index of Mid Cap Building Products Manufacturers and the index of Large Cap Building Products Manufacturers.

12-Month Indexed Stock Chart

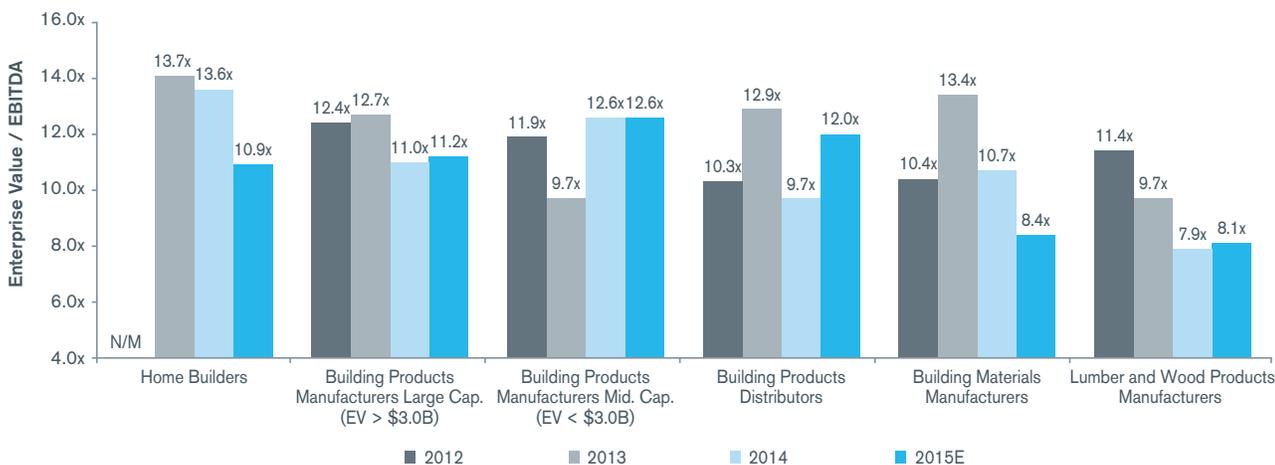


Source: Capital IQ

Valuation Trends

Valuation multiples for the industry as a whole have trended upward over the last few years due to the anticipation of higher earnings in the future as housing starts, building permits, remodeling and repair activity, and other industry drivers remain strong. Over the last few months, valuation multiples have trended downward in most sub-sectors due to the decline in stock prices coupled with flat or rising earnings.

Historical Median EV / EBITDA Trends by Sub-Sector



Source: Capital IQ as of 2/11/16

Public Company Trading Statistics

(\$ in millions)

Company	2/11/16 Stock Price	% of 52 Wk High	Market Value	Enterprise Value	Enterprise Value as a Multiple of						EBITDA Margin	Revenue Growth		
					Revenue			EBITDA					LTM	
					LTM	2016E	2017E	LTM	2016E	2017E			LTM	2016E
Building Products Manufacturers Large Cap. (EV > \$3.0B)														
Compagnie de Saint-Gobain S.A.	\$36.41	71.5%	\$20,748	\$30,286	0.65x	0.66x	0.63x	6.7x	6.5x	5.8x	9.7%	4.8%		
Masco Corporation	\$24.97	81.6%	\$8,402	\$10,109	1.42x	1.34x	1.27x	9.6x	8.6x	7.9x	14.7%	1.9%		
Fortune Brands Home & Security, Inc.	\$45.27	79.4%	\$7,229	\$8,166	1.78x	1.61x	1.50x	12.5x	10.7x	9.5x	14.2%	14.1%		
Acuity Brands, Inc.	\$175.13	72.4%	\$7,668	\$7,460	2.67x	2.28x	2.01x	16.3x	13.0x	11.0x	16.4%	13.4%		
Owens Corning	\$41.23	85.0%	\$4,779	\$6,594	1.23x	1.20x	1.14x	7.8x	7.0x	6.4x	15.7%	1.7%		
Lennox International, Inc.	\$117.44	84.8%	\$5,291	\$5,997	1.73x	1.64x	1.56x	14.2x	11.5x	10.5x	12.2%	3.0%		
James Hardie Industries plc	\$11.43	80.5%	\$5,090	\$5,604	3.34x	3.25x	2.98x	13.7x	12.9x	11.8x	24.3%	5.8%		
USG Corporation	\$18.31	55.7%	\$2,667	\$4,206	1.11x	1.07x	1.01x	8.1x	6.6x	5.9x	13.8%	1.4%		
	Median	80.0%			1.57x	1.48x	1.39x	11.1x	9.6x	8.7x	14.5%	3.9%		
	Mean	76.4%			1.74x	1.63x	1.51x	11.1x	9.6x	8.6x	15.1%	5.8%		
Building Products Manufacturers Mid. Cap. (EV < \$3.0B)														
Armstrong World Industries, Inc.	\$36.29	59.8%	\$2,009	\$2,779	1.14x	1.10x	1.03x	9.7x	6.7x	5.9x	11.8%	1.4%		
Nortek Inc.	\$34.28	36.9%	\$558	\$1,933	0.76x	0.75x	NA	8.4x	6.4x	NA	9.1%	3.0%		
Masonite International Corporation	\$45.76	62.5%	\$1,390	\$1,819	0.99x	0.92x	0.84x	11.1x	7.5x	6.3x	8.9%	1.5%		
Headwaters Incorporated	\$15.00	68.9%	\$1,110	\$1,569	1.72x	1.57x	1.47x	9.5x	8.1x	7.3x	18.0%	10.7%		
Ply Gem Holdings, Inc.	\$8.97	58.6%	\$611	\$1,585	0.85x	0.78x	0.70x	9.7x	7.0x	5.5x	8.7%	28.3%		
Simpson Manufacturing Co., Inc.	\$32.74	85.1%	\$1,581	\$1,322	1.66x	1.58x	1.45x	9.2x	8.3x	7.3x	18.0%	5.6%		
Trex Co. Inc.	\$32.50	56.3%	\$1,003	\$1,049	2.46x	2.15x	1.95x	11.9x	9.1x	8.0x	20.7%	11.7%		
NCI Building Systems Inc.	\$9.17	51.5%	\$678	\$1,023	0.65x	0.61x	0.57x	9.1x	6.7x	5.7x	7.2%	14.1%		
Apogee Enterprises, Inc.	\$34.52	56.5%	\$997	\$927	0.96x	0.95x	0.85x	7.8x	7.2x	5.9x	12.4%	7.1%		
Gibraltar Industries, Inc.	\$18.78	67.3%	\$583	\$761	0.79x	0.70x	0.66x	10.1x	7.1x	6.4x	7.8%	13.2%		
American Woodmark Corp.	\$58.06	64.6%	\$945	\$773	0.88x	0.83x	0.75x	8.4x	7.6x	6.6x	10.4%	12.2%		
PGT, Inc.	\$9.62	59.1%	\$468	\$606	1.59x	1.38x	1.22x	10.1x	7.3x	5.8x	15.8%	34.5%		
Quanex Building Products Corporation	\$16.10	73.4%	\$551	\$585	0.91x	0.58x	0.55x	9.8x	5.0x	4.4x	9.3%	8.4%		
	Median	59.8%			0.96x	0.92x	0.85x	9.7x	7.2x	6.1x	10.4%	10.7%		
	Mean	61.6%			1.18x	1.07x	1.00x	9.6x	7.2x	6.3x	12.2%	11.7%		
Building Products Distributors														
Wolseley plc	\$47.01	74.0%	\$11,903	\$13,109	0.63x	0.64x	0.61x	8.7x	8.7x	7.9x	7.2%	8.6%		
Watsco Inc.	\$121.91	91.6%	\$3,979	\$4,436	1.08x	1.02x	0.98x	12.5x	11.6x	10.5x	8.6%	4.3%		
Pool Corp.	\$77.57	91.8%	\$3,305	\$3,677	1.58x	1.46x	1.35x	16.3x	14.4x	12.7x	9.7%	5.1%		
Beacon Roofing Supply, Inc.	\$32.89	74.7%	\$1,948	\$3,037	1.05x	0.76x	0.72x	15.4x	9.6x	8.5x	6.8%	22.1%		
Builders FirstSource, Inc.	\$6.59	39.5%	\$720	\$2,646	1.06x	0.41x	0.38x	21.2x	6.3x	5.1x	5.0%	58.9%		
BMC Stock Holdings, Inc.	\$13.52	79.2%	\$884	\$1,252	0.91x	0.40x	0.37x	19.2x	7.4x	5.8x	4.7%	0.0%		
Bluelinx Holdings Inc.	\$0.39	30.5%	\$35	\$497	0.26x	NA	NA	18.2x	NA	NA	1.4%	(3.4)%		
CanWel Building Materials Group Ltd.	\$2.80	62.6%	\$119	\$219	0.37x	0.33x	0.33x	9.9x	7.1x	7.6x	3.8%	4.9%		
Hardwoods Distribution Inc.	\$10.99	82.3%	\$184	\$217	0.53x	0.48x	NA	9.0x	7.8x	NA	5.9%	26.0%		
Taiga Building Products Ltd.	\$0.55	87.5%	\$18	\$169	0.17x	NA	NA	5.6x	NA	NA	3.1%	5.7%		
Huttig Building Products Inc.	\$3.04	73.8%	\$76	\$141	0.22x	NA	NA	8.9x	NA	NA	2.4%	5.9%		
Goodfellow Inc.	\$7.16	90.9%	\$61	\$103	0.25x	NA	NA	7.8x	NA	NA	3.2%	10.3%		
	Median	77.0%			0.58x	0.56x	0.61x	11.2x	8.2x	7.9x	4.8%	5.8%		
	Mean	73.2%			0.68x	0.69x	0.68x	12.7x	9.1x	8.3x	5.2%	12.4%		

Source: Capital IQ as of 2/11/16; For definitions, see page 13

Public Company Trading Statistics (cont.)

(\$ in millions)

Company	2/11/16 Stock Price	% of 52 Wk High	Market Value	Enterprise Value	Enterprise Value as a Multiple of							
					Revenue			EBITDA			LTM	
					LTM	2016E	2017E	LTM	2016E	2017E	EBITDA Margin	Revenue Growth
Building Materials Manufacturers												
LafargeHolcim Ltd.	\$35.03	46.2%	\$21,261	\$44,034	2.02x	1.42x	1.35x	11.3x	7.1x	6.3x	17.8%	13.1%
CRH plc	\$24.01	74.6%	\$19,759	\$21,266	0.96x	0.67x	0.64x	11.2x	6.1x	5.5x	8.5%	8.8%
HeidelbergCement AG	\$69.00	78.8%	\$12,967	\$20,906	1.40x	1.21x	1.11x	8.2x	6.4x	5.7x	17.0%	15.6%
CEMEX, S.A.B. de C.V.	\$0.43	51.9%	\$5,716	\$19,321	1.47x	1.31x	1.24x	8.2x	6.9x	6.2x	17.9%	7.5%
Vulcan Materials Company	\$89.99	84.2%	\$11,997	\$13,694	4.00x	3.50x	3.07x	16.7x	12.8x	10.3x	24.0%	14.3%
Martin Marietta Materials, Inc.	\$129.40	72.4%	\$8,346	\$9,751	2.98x	2.57x	2.28x	12.7x	10.2x	8.6x	23.5%	22.0%
Eagle Materials Inc.	\$51.86	58.4%	\$2,557	\$3,042	2.73x	2.72x	2.51x	9.8x	8.4x	7.3x	28.0%	8.0%
Titan Cement Company S.A.	\$17.20	62.0%	\$1,345	\$2,223	1.51x	1.33x	1.25x	10.5x	7.2x	6.5x	14.3%	15.8%
U.S. Concrete, Inc.	\$46.50	74.0%	\$681	\$965	1.08x	0.85x	0.77x	9.0x	6.2x	5.2x	12.0%	32.5%
	Median	72.4%			1.51x	1.33x	1.25x	10.5x	7.1x	6.3x	17.8%	14.3%
	Mean	67.0%			2.02x	1.73x	1.58x	10.9x	7.9x	6.8x	18.1%	15.3%
Home Builders												
Lennar Corporation	\$37.80	67.5%	\$7,763	\$13,668	1.44x	1.25x	1.13x	11.8x	8.4x	7.6x	12.3%	21.8%
DR Horton Inc.	\$23.23	70.2%	\$8,590	\$11,079	1.01x	0.91x	0.81x	8.9x	7.3x	6.5x	11.4%	26.3%
Toll Brothers Inc.	\$24.10	57.1%	\$4,110	\$6,976	1.67x	1.36x	1.20x	13.8x	7.9x	6.7x	12.1%	6.6%
PulteGroup, Inc.	\$15.36	65.8%	\$5,363	\$7,052	1.18x	0.99x	0.89x	8.4x	6.7x	5.9x	14.0%	2.7%
NVR, Inc.	\$1,520.99	88.3%	\$5,918	\$6,120	1.18x	1.05x	0.96x	9.4x	8.4x	7.5x	12.5%	16.1%
KB Home	\$9.58	55.0%	\$884	\$2,950	0.97x	0.85x	0.75x	18.1x	10.3x	8.2x	5.4%	26.3%
Hovnanian Enterprises Inc.	\$1.35	34.7%	\$207	\$2,301	1.07x	0.82x	0.69x	NM	11.0x	9.1x	3.7%	4.1%
Meritage Homes Corporation	\$28.48	57.1%	\$1,130	\$1,995	0.77x	0.67x	0.59x	8.8x	8.1x	7.0x	8.8%	18.3%
MDC Holdings Inc.	\$19.55	62.6%	\$958	\$1,665	0.87x	0.71x	0.61x	14.7x	10.6x	7.1x	5.9%	12.7%
Beazer Homes USA Inc.	\$6.52	30.8%	\$207	\$1,565	0.92x	0.86x	0.80x	NM	13.7x	8.8x	3.1%	18.8%
M/I Homes, Inc.	\$15.71	58.2%	\$387	\$989	0.70x	0.60x	0.51x	8.1x	NA	NA	8.7%	16.7%
	Median	58.2%			1.01x	0.86x	0.80x	9.4x	8.4x	7.3x	8.8%	16.7%
	Mean	58.8%			1.07x	0.92x	0.81x	11.3x	9.3x	7.4x	8.9%	15.5%
Lumber and Wood Products Manufacturers												
Weyerhaeuser Co.	\$22.22	62.2%	\$11,343	\$15,733	2.23x	2.06x	1.98x	11.2x	9.4x	8.5x	19.9%	(4.6)%
West Fraser Timber Co. Ltd.	\$29.94	53.3%	\$2,469	\$2,890	0.98x	0.88x	0.86x	9.2x	5.9x	5.2x	10.6%	6.3%
Louisiana-Pacific Corp.	\$13.78	72.6%	\$1,969	\$2,288	1.21x	1.02x	0.90x	NM	9.3x	5.8x	2.2%	(2.2)%
Norbord, Inc.	\$14.35	68.6%	\$1,226	\$1,986	1.32x	1.12x	1.00x	17.1x	6.5x	4.2x	7.7%	(5.7)%
Canfor Corp.	\$9.05	39.6%	\$1,202	\$1,619	0.58x	0.55x	0.53x	5.5x	4.1x	3.5x	10.5%	13.2%
Universal Forest Products Inc.	\$61.04	77.6%	\$1,229	\$1,265	0.44x	0.40x	0.39x	7.8x	6.7x	6.6x	5.7%	11.2%
Boise Cascade Company	\$18.51	42.2%	\$719	\$857	0.24x	0.22x	0.20x	4.8x	4.5x	3.5x	4.9%	3.1%
	Median	62.2%			0.98x	0.88x	0.86x	8.5x	6.5x	5.2x	7.7%	3.1%
	Mean	59.4%			1.00x	0.89x	0.84x	9.3x	6.6x	5.3x	8.8%	3.0%

Definitions

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

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

LTM: Last Twelve Months

Source: Capital IQ as of 2/11/16

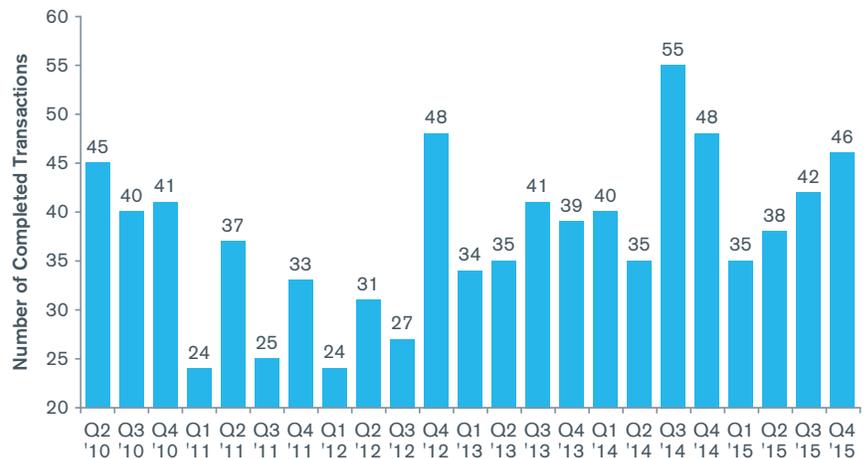
2H 2015 M&A Activity Remained Strong

Building Products and Materials M&A Trends

M&A activity in the sector was strong in 2015 with 161 transactions involving target companies headquartered in the U.S. or Canada. This compares to 178 transactions completed in 2014 and 149 transactions completed in 2013.

There remains strong acquisition interest from private equity firms and strategics, particularly due to abundance of debt and equity capital, low interest rates and a favorable housing market outlook.

Building Products and Materials Quarterly M&A Trends



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

Notable M&A Activity – 2H 2015

Date Announced	Target	Target Country	Acquirer	Target Business Description
Building Products Distributors				
Dec-15	Statewide Wholesale, Inc.	United States	Beacon Roofing Supply, Inc.	Distributes roofing material and supplies for commercial and residential applications
Dec-15	Boyle & Chase, Incorporated	United States	Top Notch Distributors, Inc.	Distributes commercial and decorative hardware
Dec-15	Roofing & Insulation Supply, Inc.	United States	Beacon Roofing Supply, Inc.	Distributes roofing, insulation, sheathing and related materials
Dec-15	Rci Roofing Supply Company, Inc.	United States	Beacon Roofing Supply, Inc.	Distributes building supplies and materials for residential and commercial projects
Dec-15	CMA Supply Co., Inc.	United States	Carter-Waters LLC	Sells concrete and masonry accessories
Dec-15	Hathaway & Sons Inc.	United States	GMS Inc.	Distributes building materials for residential and commercial construction market
Dec-15	Badgerland Supply, Inc.	United States	GMS Inc.	Supplies building materials
Dec-15	RHEM, LLC	United States	Distribution International, Inc.	Distributes, fabricates and installs insulation, low-to-high temperature refractory and HVAC products
Nov-15	Team Wholesale, Inc.	United States	American Builders & Contractors Supply Co., Inc.	Supplies siding and windows
Nov-15	Kele, Inc.	United States	Snow Phipps Group, LLC; Snow Phipps Fund 2, L.P.	Supplies building automation products, services and solutions
Oct-15	Silver State Specialties, LLC	United States	United Subcontractors, Inc.	Supplies building products to contractors and homeowners
Oct-15	Building Supply Association, Inc.	United States	U.S. LBM Holdings, LLC	Distributes building products
Oct-15	JW Millwork, LLC	United States	Cedar Creek Wholesale, Inc.	Distributes molding and pine millwork
Oct-15	HomeXterior Building Supply, Inc.	United States	American Builders & Contractors Supply Co., Inc.	Distributes building products to contractors
Sep-15	Harvey Industries, Inc.	United States	Dunes Point Capital, LLC	Manufactures and distributes building products
Sep-15	Graco Supply Company, Inc.	United States	CM Equity Partners	Supplies adhesives, sealants, coatings, lubricants, tapes and MRO products
Sep-15	Foundation Building Materials, LLC	United States	Lone Star Funds	Distributes building products

Source: Capital IQ

2H 2015 M&A Activity Remained Strong (cont.)

Notable M&A Activity – 2H 2015 (cont.)

Date Announced	Target	Target Country	Acquirer	Target Business Description
Building Products Distributors (cont.)				
Sep-15	Norandex Building Materials Distribution, Inc.	United States	American Builders & Contractors Supply Co., Inc.	Distributes building materials
Sep-15	Murray Supply Company, LLC	United States	Morrison Supply Company, LLC	Supplies commercial and residential plumbing products as a wholesale distributor
Aug-15	Robert Bowden, Inc.	United States	Building Materials Holding Corporation (nka:BMC Stock Holdings, Inc.)	Manufactures, assembles, sells, installs and services various building materials
Aug-15	Western Builders Supply, Inc.	United States	Pan American Screw, LLC	Distributes screws and fasteners
Jul-15	U.S. LBM Holdings, LLC	United States	Kelso & Company	Distributes building materials
Building Products Manufacturers				
Dec-15	ARN Industries, Inc.	United States	Summer Street Capital Partners, L.L.C.	Manufactures lighting solutions for commercial, industrial, residential and specialty lighting applications
Dec-15	Larmco Windows and Siding Columbus	United States	Unique Home Solutions, Inc.	Provides vinyl replacement windows and siding services
Dec-15	NPI Holding Corp.	United States	Stabilit America, Inc.	Manufactures and sells wall panel solutions
Dec-15	J&J Industries, Inc.	United States	Engineered Floors LLC	Designs, engineers and manufactures commercial carpets, broadlooms, and tiles
Dec-15	Clarion Boards, Inc. and Clarion Laminates LLC	United States	KRONOSPAN Verwaltungs- und Beteiligungsgesellschaft mbH	Manufactures wood products
Dec-15	Arrow Storage Products Inc.	United States	ShelterLogic Corp.	Designs, manufactures and markets DIY outdoor steel storage solutions
Dec-15	Elite Door & Trim, Inc.	United States	National Millwork Inc.	Manufactures doors, hardware and trim products
Dec-15	Balboa Water Group, Inc.	United States	AEA Investors LP	Designs, develops, manufactures, assembles and supplies whirlpool bath and portable spa products
Nov-15	WinDoor Incorporated and LTE, LLC	United States	PGT Industries, Inc.	Manufactures extruded aluminum and vinyl sliding glass doors and window systems
Nov-15	Kerkhoff Associates Inc.	United States	Canterbury Capital, LLC	Manufactures and distributes purpose-built structural building components
Nov-15	Expanded Polystyrene Molding Plant	United States	PFB America Corporation	Expanded Polystyrene Molding Plant comprises expanded polystyrene manufacturing plant
Nov-15	Overhead Door Company of Burlington Inc.	United States	Installed Building Products, Inc.	Manufactures integrated door and operator systems for commercial, industrial, and residential applications
Oct-15	Florida Screen Enterprises Inc.	United States	The RiteScreen Company, LLC	Manufactures residential and commercial window screens, patio doors, roll formed shapes and associated hardware
Oct-15	Quantum Windows & Doors, Inc.	United States	Swiftsure Capital LLC	Manufactures and sells hand-crafted wood windows and doors for residential and commercial markets
Oct-15	LaCantina Doors, Inc.	United States	JELD-WEN, inc.	Designs and manufactures opening door systems
Sep-15	Grabber Construction Products, Inc.	United States	Svoboda Capital Partners LLC; Dot Foods, Inc.	Manufactures and distributes fasteners and fastening systems for wood, metal, and drywall applications in commercial and residential construction markets
Sep-15	Harvey Industries, Inc.	United States	Dunes Point Capital, LLC	Manufactures and distributes building products
Sep-15	GBS Building Supply	United States	U.S. LBM Holdings, LLC	Distributes building and construction products
Sep-15	Karona, Inc.	United States	JELD-WEN, inc.	Manufactures commercial and residential doors
Sep-15	Capitoline Products, Inc.	United States	VT Industries, Inc.	Manufactures post formed countertops, high pressure laminate panels, finished high pressure laminate panel component parts and extended plywood
Aug-15	WII Components Inc.	United States	Quanex Building Products Corporation	Manufactures and sells hardwood cabinet doors, hardwood components and engineered wood products
Aug-15	C.R. Laurence Co., Inc.	United States	Oldcastle BuildingEnvelope, Inc.	Designs, engineers, manufactures and supplies architectural hardware
Aug-15	Omega Door Frame Products, Inc.	United States	Special-Lite, Inc.	Manufactures interior aluminum door and window frames
Aug-15	Quest Construction Products, LLC	United States	Standard Industries Inc.	Manufactures protective systems and coatings for the construction industry
Aug-15	Lindab Inc.	United States	Ductmate Industries, Inc.	Develops, manufactures and markets sheet metal products for HVAC applications
Aug-15	Midwest Millwork, Inc.	United States	Bliffert Lumber & Fuel Company, Inc.	Manufactures cabinets, doors, millwork, windows, hardware, plywood, framing lumber and building materials

Source: Capital IQ

2H 2015 M&A Activity Remained Strong (cont.)

Notable M&A Activity – 2H 2015 (cont.)

Date Announced	Target	Target Country	Acquirer	Target Business Description
Building Products Manufacturers (cont.)				
Aug-15	MGM Industries, Inc.	United States	Custom Window Systems, Inc.	Manufactures custom painted vinyl windows and doors for new construction and replacement projects
Aug-15	Safemark Systems, L.P.	United States	Msouth Equity Partners	Manufactures and installs hotel safes and electronic lockers
Jul-15	Watts Water Technologies, Inc., Assets Relating to Brass Fittings, Brass & Tubular And Vinyl Tubing	United States	Sioux Chief Manufacturing Company, Inc.	Manufactures brass fittings and brass and tubular and vinyl tubing product lines
Jul-15	Structus Building Technologies, Inc.	United States	CertainTeed Gypsum, Inc.	Designs and manufactures building products for the drywall industry
Jul-15	Madawaska Doors, Inc.	Canada	Plaintree Systems Inc.	Manufactures and markets wooden doors
Jul-15	Cali Bamboo, LLC	United States	High Road Capital Partners	Manufactures flooring, fencing, plywood, poles and recycled composite decking products
Jul-15	Better Life Technology, LLC	United States	Century Park Capital Partners	Manufactures and supplies roll-out garage and concrete basement floor covers
Lumber and Wood Manufacturers				
Dec-15	Joe N. Miles & Sons, Inc.	United States	Hood Industries, Inc.	Manufactures and supplies pine lumber
Oct-15	Manning Diversified Forest Products Ltd.	Canada	West Fraser Timber Co. Ltd.	Manufactures dimension lumber and lumber by-products
Sep-15	Anthony Forest Products Company	United States	Canfor Corp.	Manufactures forest products
Sep-15	Coldwater Veneer, Inc.	United States	Industrial Opportunity Partners	Manufactures hardwood veneer products and lumber products
Sep-15	North American Forest Products, Inc.	United States	Patrick Industries Inc.	Manufactures and markets lumber, plywood, panel products, treated lumber and roof trusses
Jul-15	Weaber, Inc.	United States	Cyprium Investment Partners	Manufactures hardwood lumber products
Jul-15	James Plywood Inc.	United States	Capital Lumber Company, Inc.	Manufactures hardwood and softwood plywood, particle board and lumber products
Building Materials Manufacturers				
Dec-15	Performance Technologies, L.L.C., White Silica Sand Reserves in Jackson County	United States	Superior Silica Sands LLC	Manufactures frac sand products
Dec-15	Pennington Block Co., Inc.	United States	Acme Block & Brick, Inc.	Manufactures concrete and bricks
Oct-15	Heavy Materials, LLC and Spartan Concrete Products, LLC	United States	U.S. Concrete, Inc.	Manufactures ready-mixed concrete and aggregates
Oct-15	Cretex Concrete Products North, Inc.	United States	Hanson Pipe & Precast LLC	Develops, manufactures and supplies various precast and prestressed products
Oct-15	Peoples Complete Building Center & Ready Mix	United States	Alexander Lumber Co.	Manufactures ready-mix concrete
Sep-15	CEMEX, Inc., Gypsum Wallboard Business	United States	U.S. LBM Holdings, LLC	Manufactures cement
Sep-15	BeCo Concrete Products, Inc. and Independent Concrete Pipe	United States	Fred Weber, Inc.	Manufactures concrete pipes
Sep-15	Gravel and Sand site in Mankato	United States	City of Mankato	Comprises a gravel and sand production property
Sep-15	Mustang Stone Quarries, LLC	United States	Walker & Zanger, Inc.	Extracts and processes limestone
Aug-15	E&A Materials, Inc., Select Assets	United States	U.S. Concrete, Inc.	Manufactures sand and gravel
Aug-15	Pitts Sand & Gravel, Inc., Select Assets	United States	U.S. Concrete, Inc.	Manufactures sand and gravel
Aug-15	2242749 Ontario Limited, Precast Concrete Assets in St-Jean-sur-Richelieu, Quebec	Canada	Béton Préfabriqué du Richelieu	Manufactures precast concrete
Aug-15	Limestone Property on the North Coast of British Columbia	Canada	Durango Resources Inc.	Comprises limestone mineral property

Source: Capital IQ

2H 2015 M&A Activity Remained Strong (cont.)

Notable M&A Activity – 2H 2015 (cont.)

Date Announced	Target	Target Country	Acquirer	Target Business Description
Building Materials Manufacturers (cont.)				
Aug-15	Three Aggregates Facilities and Seven Ready-Mixed Concrete Operations in Arizona and New Mexico	United States	Vulcan Materials Company	Manufactures ready-mix concrete and aggregates
Aug-15	Martin Marietta Materials, Inc., California Cement Business Assets	United States	CalPortland Company, Inc.	Manufactures cement
Aug-15	Asphalt Plant at 800 Canal Street	United States	Thalle Industries, Inc.	Manufactures asphalt
Jul-15	Beatrice Concrete Company, Inc.	United States	NEBCO, Inc.	Produces sand, gravel and crushed rock
Homebuilders				
Dec-15	JW Homes	United States	PulteGroup, Inc.	Designs and builds new homes
Nov-15	Texas Casual Cottages by Partners in Building	United States	Partners in Building, L.P.	Builds secondary and vacation homes
Oct-15	Hans Hagen Homes, Inc.	United States	M/I Homes, Inc.	Designs and builds new homes in Minnesota and Wisconsin
Oct-15	Arcadia Communities, L.L.C.	United States	Van Metre Companies, Inc.	Provides individual homes and residential township building services
Oct-15	Albi Homes Ltd.	Canada	Brookfield Residential (Alberta) LP	Builds luxury homes
Oct-15	Eric Chafin Communities, LLC	United States	CMH Services, Inc.	Builds new homes
Aug-15	Genesis Land Development Corp.	Canada	Smoothwater Capital Corporation	Develops land and builds residential homes in Canada
Jul-15	Charlotte, Raleigh And Chicago Operations And Homebuilding Assets	United States	Taylor Morrison Home Corporation	Develops, builds and markets single-family homes, town homes and condos
Jul-15	Franklin Homes, Inc. (nka:Franklin Structures, LLC)	United States	C3 Design, Inc.	Designs, assembles, builds and delivers modular & HUD homes

Duff & Phelps Recent Transactions

<p>Sell Side Advisor <i>(On Going)</i></p> <hr/> <p>Manufactures and sells commercial modular buildings</p>	<p>Sell Side Advisor <i>(On Going)</i></p> <hr/> <p>Manufactures premium vinyl and aluminum windows</p>	<p>Sell Side Advisor</p> <hr/>  <p>PINNACLE EAGLE FORD DIVISION</p> <p>has been acquired by</p>  <p>HARRISON GYPSUM, LLC</p>	<p>Sell Side Advisor</p> <hr/>  <p>BEST LIGHTING PRODUCTS</p> <p>a portfolio company of</p>  <p>WAFRA PARTNERS</p> <p>has been acquired by</p>  <p>Corinthian Capital</p>
<p>Sell Side Advisor</p> <hr/>  <p>Honsador Holding LLC</p> <p>a portfolio company of</p>  <p>CYPRIMUM PARTNERS</p> <p>has been acquired by</p>  <p>Grey Mountain PARTNERS</p>	<p>Sell Side Advisor</p> <hr/>  <p>CMI</p> <p>has been acquired by</p>  <p>JELD-WEN WINDOWS & DOORS</p>	<p>Sell Side Advisor</p> <hr/>  <p>RollEase Engineered to be Essential</p> <p>a portfolio company of</p>  <p>NOVA</p> <p>has been acquired by</p>  <p>SHOREVIEW</p>	<p>Sell Side Advisor</p> <hr/>  <p>Managing Environments™ LLC</p> <p>has been acquired by</p>  <p>RAI River Associates Investments, LLC</p> <p><i>Investments with Management</i></p>

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About Duff & Phelps

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

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