

Third Quarter 2015

Industry Insights:
**Building Products
and Materials**

By the Numbers



11% increase in housing starts YTD



20% increase in new home sales YTD



5% increase in home prices

Highlights

M&A activity remains strong with 73 completed transactions in the first half of 2015

Housing starts and permits are experiencing strong year-over-year increases with the largest gains in multi-family units

Stock price indices for building products manufacturers and distributors as well as homebuilders are outperforming the S&P 500

Existing home sales up 7.4% for the first half of 2015

Household formations reached an all-time high in Q2 2015 – bodes well for multi-family construction activity

Table of Contents

Favorable Housing Indicators	3
Housing Starts Have Exceeded One Million in Nine out of the Last 12 Month	4
Building Permits up 16% Year-Over-Year During 1H 2015	5
Existing Homes Sales Reach Highest Level Since February 2007	6
Vacancy Rates Are Down While Household Formations Continue to Increase	7
Home Prices Rise, but Growth Rates Are Slowing	8
Rising Home Prices and Home Sales Are Fueling Remodeling Activity	9
Construction Spending in Q2 Reached Levels Not Seen Since 2009	10
Most Sectors Outperformed the S&P 500	11
Public Companies Trading Analysis	12
1H 2015 M&A Activity - Outlook Remains Favorable	14
Duff & Phelps Select Relevant Transactions	17

Favorable Housing Indicators

Key Interest Rates

The 30-year mortgage rate increased in July to 4.08% after trending below 4.00% for seven consecutive months. Despite the slight uptick in interest rates, housing sales and refinancing activity remain strong. New mortgage originations and refinancings are up 25.5% and 43.1%, respectively, in the first half of 2015 compared to the same period last year.

Key Interest Rates – Monthly Trends



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

Consumer Confidence Index (CCI)

The CCI dropped to 90.9 in July, the largest decline since August 2011. Nevertheless, the CCI remained flat from a year ago and is up 12.2% over the past 24 months. Despite the drop, the index continues to indicate strong consumer optimism and an expansionary economy, which bodes well for 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, increased to 60 in June and July, marking the highest level since December 2005. The HMI has now been above 50 for 13 consecutive months.

NAHB Housing Market Index (Builders Confidence)



Seasonally Adjusted
Source: National Association of Home Builders

Housing Starts Have Exceeded One Million in Nine out of the Last 12 Months

National Housing Starts

Seasonally adjusted national housing starts have exceeded the million-mark nine times over the last 12 months. U.S. housing starts in June were at a seasonally adjusted rate of 1,174,000, which is up 9.8% compared to a month ago and up 26.6% from the same period a year ago.

The increase in housing starts in June is largely attributable to a surge in multi-family starts, which offset a slight dip in single-family starts. Multi-family starts accounted for approximately 40.5% of total starts in June, compared to 31.1% in December.

U.S. Housing Starts (units in thousands)



1H 2015 Unadjusted Housing Starts: 533 Year-over-Year Δ: 10.9%

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

Regional Housing Starts

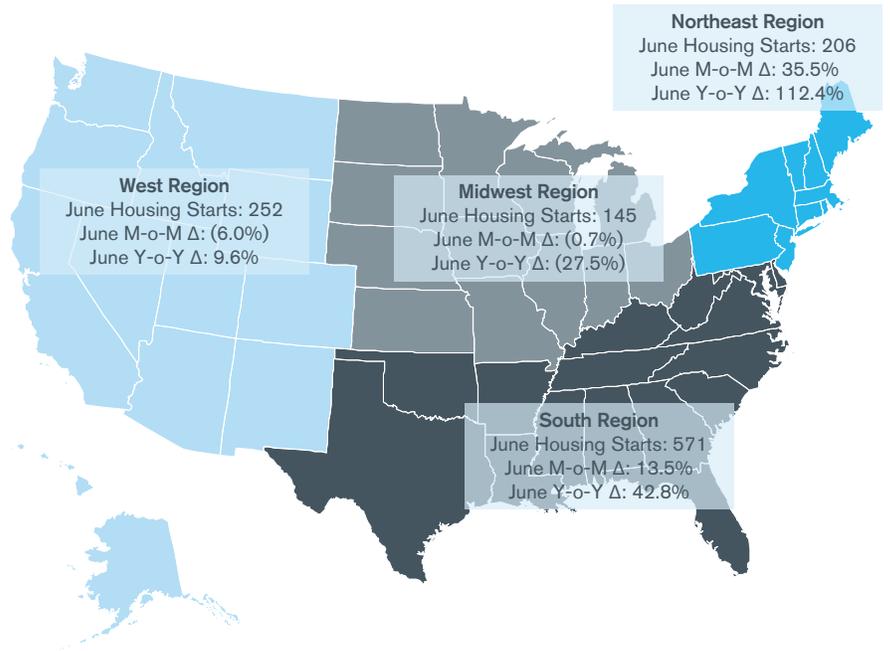
In June, three regions reported year-over-year gains.

The Northeast was the strongest performer, reaching its highest level since June 2008, largely due to the gain in multi-family construction. Housing starts in the Northeast were up 35.5% compared to the prior month and up 112.4% over June 2014.

The South also performed well with starts up 13.5% in June over the prior month and up 42.8% over June 2014.

The Midwest and West decreased 0.7% and 6.0%, respectively compared to 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 up 16% Year-Over-Year During 1H 2015

National Building Permits

Building permits increased in June to a seasonally adjusted annual rate of 1,343,000, which is 7.4% higher than May permits and 30.0% higher than June 2014.

While permits for single-family homes have remained relatively flat since December, permits for multi-family dwellings have increased approximately 67.3%.

In the first half of 2015, building permits were up 16.2% over the same period a year ago.

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



1H 2015 Unadjusted Actual Building Permits: 593 Year-over-Year Δ: 16.2%

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

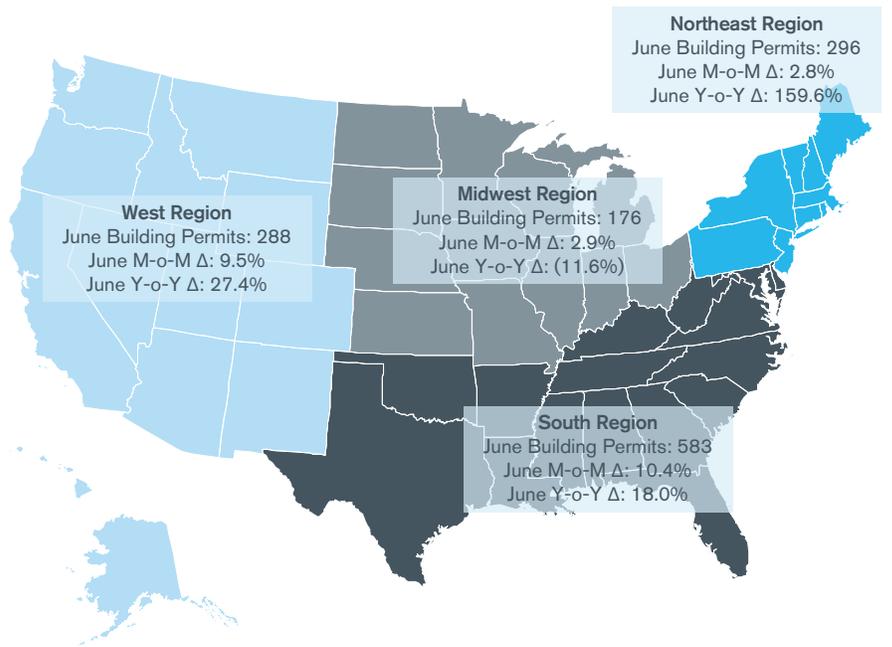
Regional Building Permits

All regions experienced an increase in building permits over the prior month and three regions were up over the same period a year ago.

The Northeast was the strongest performer year-over-year due to increased demand for multi-family homes.

The Midwest, West and South regions experienced increases of 2.9%, 9.5% and 10.4%, respectively, over May. The Midwest was the only region to report a year-over-year decline in June.

Authorized Building Permits by Region (units in thousands)



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

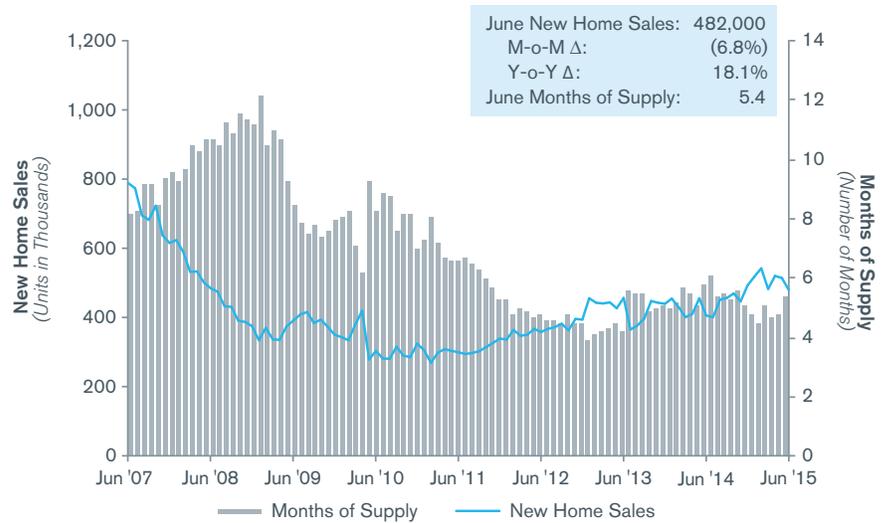
Existing Homes Sales Reach Highest Level Since February 2007

New Home Sales and Supply

New homes sales in June were at a seasonally adjusted annual rate of 482,000, which is 6.8% lower than May and 18.1% higher than June 2014. While this represents a seven-month low, sales of new homes account for only 8.1% of the housing market.

The inventory of new homes increased to 5.4 months in June, a 12.5% increase from May and 5.9% increase from December 2014.

New Homes – Sales and Months of Supply



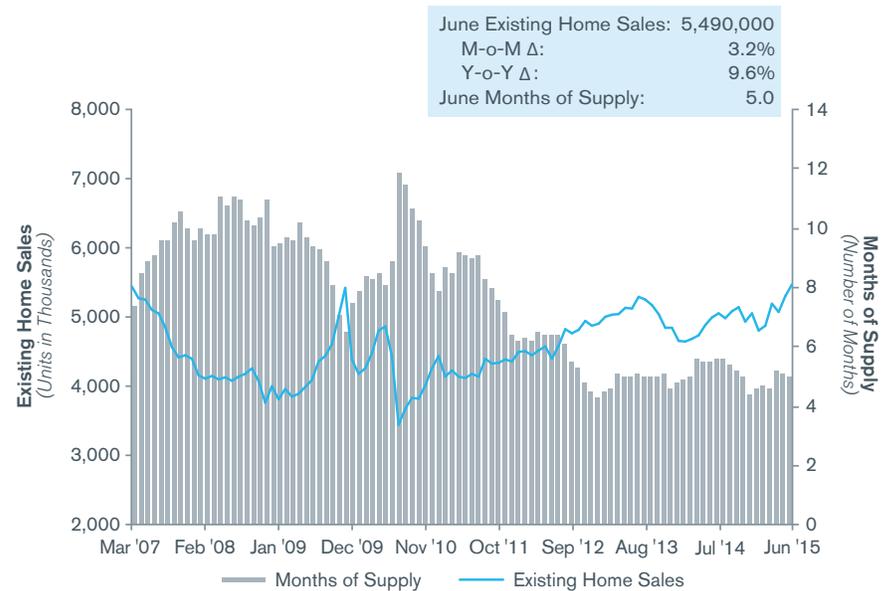
New Home Sales: Seasonally Adjusted Annual Rate
 Months Supply: Seasonally Adjusted at Current Sales Rates
 Source: U.S. Department of Commerce: Census Bureau

Existing Home Sales and Supply

Existing home sales increased in June to a seasonally adjusted annual rate of 5,490,000, which is 3.2% higher than May and the highest rate since February 2007. Demand for housing has been bolstered by an improving economy with steady job growth that coupled with near record low interest rates has provided households the financial wherewithal and incentive to purchase homes.

The inventory of existing homes decreased to 5.0 months in June, a 2.0% decrease from May, but a 13.6% increase from December 2014.

Existing Homes – Sales and Months of Supply



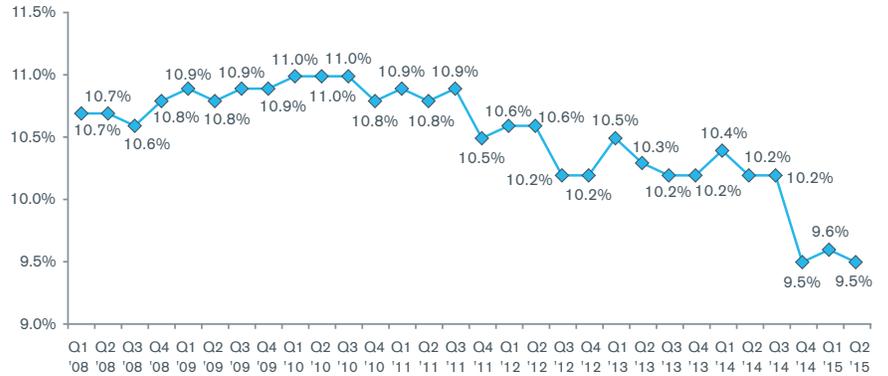
Existing Home Sales: Seasonally Adjusted Annual Rate
 Months Supply: Not Seasonally Adjusted
 Source: U.S. Department of Commerce: Census Bureau

Vacancy Rates Are Down While Household Formations Continue to Increase

Monthly Vacancy Rates

Vacancy rates have demonstrated a generally downward trend since peaking in Q2 2010. Vacancy rates decreased to 9.5% in Q2 2015 from 9.6% in Q1 2015, and are at the lowest level recorded since the housing market downturn.

U.S. Year-Round Vacancy Rates

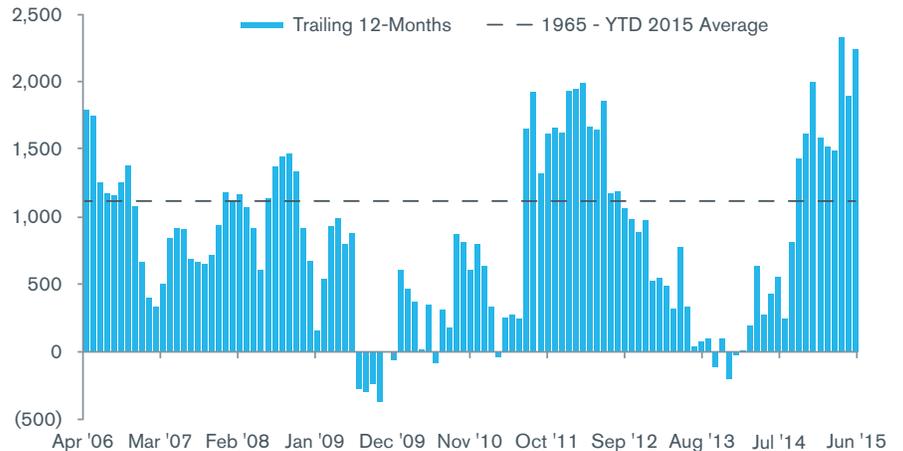


Source: U.S. Department of Commerce: Census Bureau

Household Formations

Household formations, which are a critical driver for the housing market, remained strong in the first half of 2015, as the job market improved and millennials entered the labor force. These new households will be a catalyst for multi-family home 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

Home Prices Rise, but Growth Rates Are Slowing

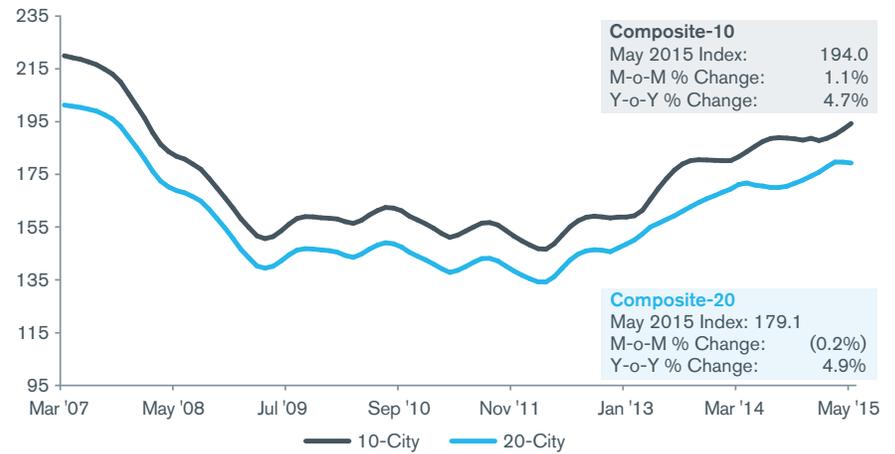
S&P / Case-Shiller Home Price Indices*

The 10-City home price index increased 4.7% in May relative to a year ago, while the 20-City home price index increased 4.9%.

While both indices continue to demonstrate strength in home prices, the growth rates have been slowing likely driven by rising mortgage rates and an increasing supply of new homes.

Both indices remain below their peak in July 2006. The 20-City and 10-City indices are 13.3% and 14.3%, respectively, below their peak.

S&P / Case Shiller Indices*



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

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

Denver, San Francisco, and Dallas experienced the biggest year-over-year appreciation in home prices with increases of 10.0%, 9.7% and 8.4%, respectively.

The cities reporting the largest month-over-month increases in May were Las Vegas, Boston and Cleveland, each reporting increases of 1.5%.

May 2015 – Composite 10			May 2015 – Composite 20		
Metropolitan Area	M-o-M % Δ	Y-o-Y % Δ	Metropolitan Area	M-o-M % Δ	Y-o-Y % Δ
Las Vegas	1.5%	6.7%	Las Vegas	1.5%	6.7%
Boston	1.5%	2.2%	Boston	1.5%	2.2%
San Francisco	1.3%	9.7%	Cleveland	1.5%	1.6%
Chicago	1.3%	2.2%	Atlanta	1.4%	5.1%
Los Angeles	1.1%	6.1%	Portland	1.4%	7.4%
Denver	1.1%	10.0%	Seattle	1.4%	7.4%
Washington D.C.	1.0%	1.3%	San Francisco	1.3%	9.7%
New York	1.0%	3.0%	Chicago	1.3%	2.2%
San Diego	0.9%	4.8%	Los Angeles	1.1%	6.1%
Miami	0.8%	8.0%	Minneapolis	1.1%	3.0%
Composite-10	1.1%	4.7%	Denver	1.1%	10.0%
			Washington D.C.	1.0%	1.3%
			New York	1.0%	3.0%
			Dallas	0.9%	8.4%
			San Diego	0.9%	4.8%
			Detroit	0.8%	3.9%
			Miami	0.8%	8.0%
			Phoenix	0.8%	3.8%
			Tampa	0.7%	6.4%
			Charlotte	0.7%	4.9%
			Composite-20	(0.2%)	4.9%

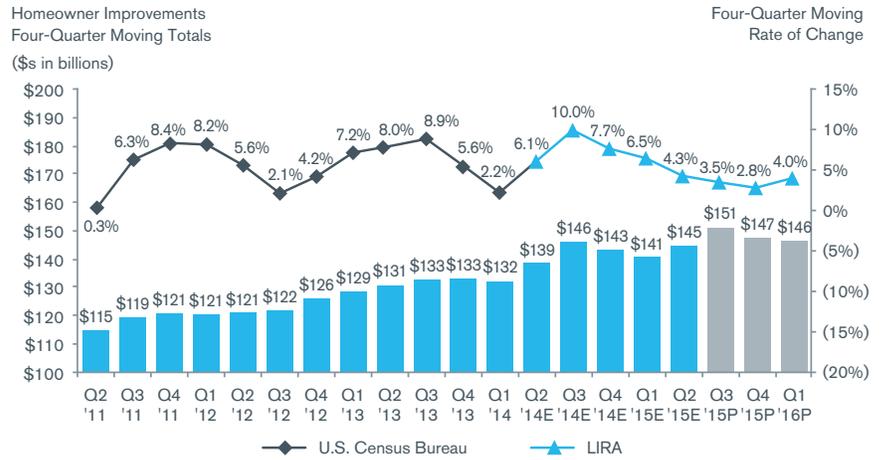
Monthly, Indexed to January 2000
*The S&P / Case-Shiller Home Price Indices are calculated monthly using a three-month moving average and published with a two-month lag
Source: S&P Dow Jones Indices LLC

Rising Home Prices and Home Sales Are Fueling Remodeling Activity

Leading Indicator of Remodeling Activity (LIRA*)

According to the LIRA, home improvement spending is estimated to have increased 6.5% and 4.3% in the first and second quarters of 2015, respectively. Over the next two quarters, growth in spending is expected to slow down before increasing again in Q1 2016. Rising home prices as well as increasing home sales are fueling gains in 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.
Source: Joint Center for Housing Studies of Harvard University

Remodeling Market Index (RMI*)

The RMI increased to 59 in Q2 2015 following a slight dip in Q1 2015 to 57 from the all-time high of 60 in Q4 2014. Remodeling activity in the first quarter of 2015 was impacted by the severe winter. The RMI has remained above 50 for the last nine 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

Construction Spending in Q2 Reached Levels Not Seen Since 2009

AIA Architectural Billings Index (ABI)*

The ABI, a leading indicator of future non-residential construction activity has been above 50 for 10 of the last 12 months. According to the AIA, demand for institutional projects such as hospitals, education, public safety and government buildings contributed to the increase from 51.9 in May to 55.7 in June.

It is believed that there is a 9 to 12 month lag between architectural billings and construction spending so the recent increase in ABI indicates a favorable outlook for construction for the first half of 2016.

Architectural Billings Index*



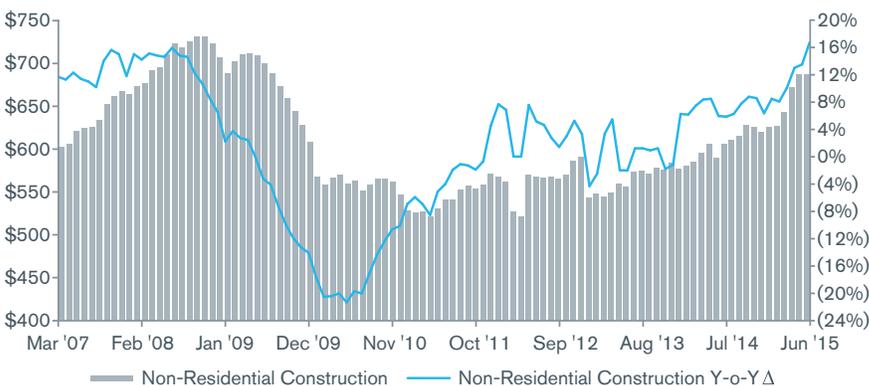
*The ABI is a representative survey conducted by the AIA in attempt to gauge whether architectural firms are reporting an increase or decrease in billing activity from month-to-month. A score above 50 indicates that more than half of the firms that responded are reporting an increase in activity that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

Source: The American Institute of Architects (AIA)

Non-Residential Construction Put in Place

Growth in non-residential construction has been lagging behind the growth in the residential market, but has recently begun to pick up pace. In June, non-residential construction was up 16.6% over the same month a year ago and reached \$686.6 billion. Construction spending in the second quarter reached levels not seen since 2009. The year-over-year increase was driven by increased spending in several sectors including manufacturing, amusement and recreation, lodging, office and highway and street.

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



Seasonally Adjusted Annual Rate

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

June LTM Construction Spending Summary

June 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
Manufacturing	(0.8%)	76.6%	Highway and street	1.3%	21.5%
Amusement and recreation	10.2%	47.3%	Sewage and waste disposal	1.6%	19.2%
Lodging	3.9%	37.9%	Water supply	12.2%	18.4%
Office	(1.1%)	27.3%	Conservation and development	(5.8%)	(0.5%)
Commercial	(4.3%)	21.3%	Power	(0.9%)	(14.8%)
Communication	(6.8%)	16.1%			
Transportation	2.3%	13.9%			
Educational	(0.2%)	6.2%			
Healthcare	(0.9%)	4.5%			
Public safety	2.5%	(3.3%)			
Religious	(6.2%)	(6.8%)			

Seasonally Adjusted Annual Rate

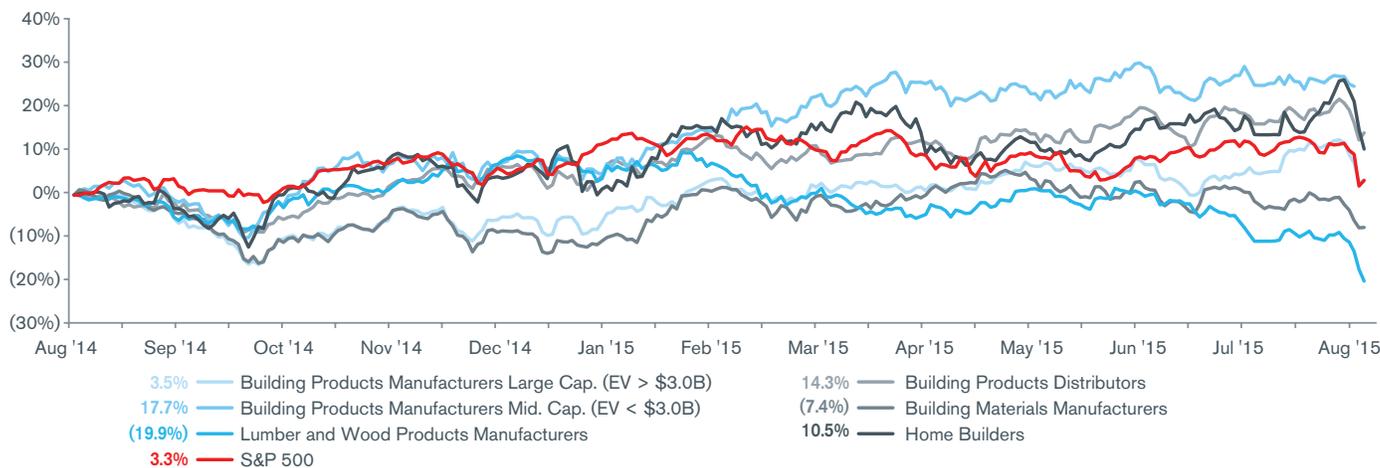
Source: U.S. Department of Commerce: Census Bureau

Most Sectors Outperformed the S&P 500

Equity Market Performance

Over the past 12 months, the stock price indices for building product manufacturers and distributors as well as homebuilders have outperformed the S&P 500. On the other hand, lumber and wood product manufacturers and building material companies are underperforming the S&P 500.

12-Month Indexed Stock Chart

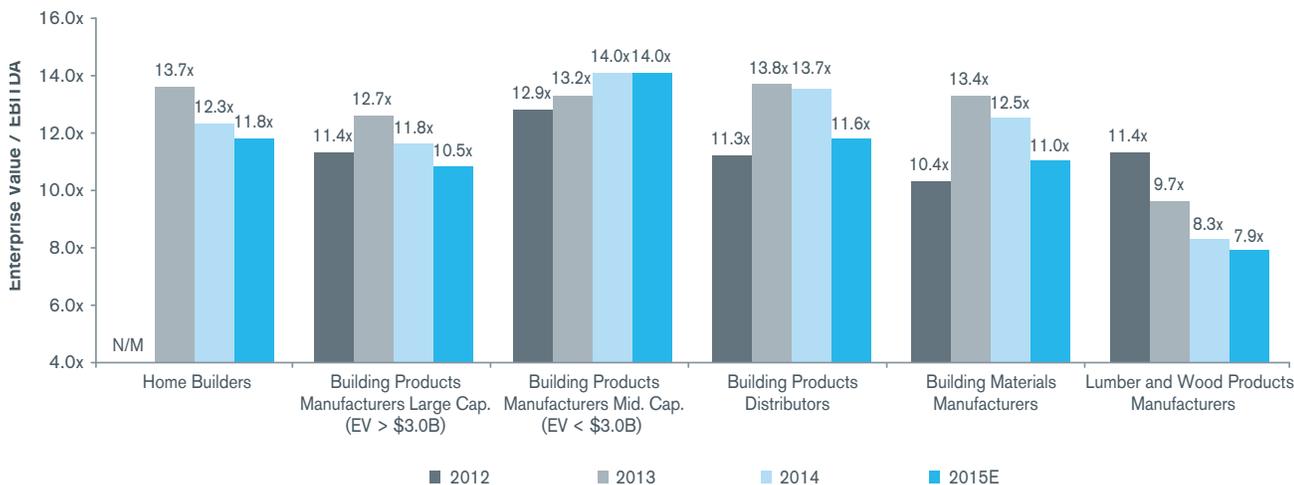


Source: Capital IQ

Valuation Trends

Valuation multiples for the industry as a whole have trended up over the last few years 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 remain strong. Over the last few months, valuation multiples have trended down in several sectors due to flat or declining stock prices coupled with rising earnings.

Historical Median EV / EBITDA Trends by Sub-Sector



Source: Capital IQ

Public Companies Trading Analysis

(\$ in millions)

Company	8/25/15 Stock Price	% of 52 Wk High	Market Value	Enterprise Value	Enterprise Value as a Multiple of						EBITDA Margin	Revenue Growth	
					Revenue			EBITDA					LTM
					LTM	2015E	2016E	LTM	2015E	2016E			LTM
Building Products Manufacturers Large Cap. (EV > \$3.0B)													
Compagnie de Saint-Gobain S.A.	\$44.96	87.9%	\$25,607	\$35,193	0.78x	0.76x	0.73x	8.1x	7.5x	6.8x	9.6%	(2.6%)	
Masco Corporation	\$24.89	87.1%	\$8,561	\$10,657	1.24x	1.39x	1.39x	10.0x	10.5x	9.4x	12.4%	12.4%	
Fortune Brands Home & Security, Inc.	\$46.32	87.6%	\$7,408	\$8,577	2.04x	1.87x	1.68x	16.2x	13.6x	11.4x	12.5%	(2.7%)	
Acuity Brands, Inc.	\$186.36	88.0%	\$8,115	\$7,816	2.99x	2.89x	2.55x	18.6x	17.8x	14.4x	16.1%	13.5%	
Owens Corning	\$42.71	89.2%	\$5,021	\$7,158	1.36x	1.34x	1.26x	9.8x	9.0x	8.0x	13.9%	0.6%	
James Hardie Industries plc	\$114.65	90.4%	\$5,163	\$6,171	1.82x	1.78x	1.68x	15.5x	13.5x	11.8x	11.8%	3.5%	
USG Corporation	\$29.17	88.7%	\$4,243	\$6,139	1.61x	1.57x	1.45x	13.1x	10.4x	8.9x	12.4%	4.6%	
Lennox International, Inc.	\$12.68	88.1%	\$5,532	\$5,831	3.52x	3.19x	2.81x	15.5x	12.9x	11.0x	22.7%	10.9%	
Armstrong World Industries, Inc.	\$53.14	87.5%	\$2,939	\$3,774	1.52x	1.49x	1.41x	12.6x	10.1x	8.9x	12.1%	(0.7%)	
	Median	88.0%			1.61x	1.57x	1.45x	13.1x	10.5x	9.4x	12.4%	3.5%	
	Mean	88.3%			1.88x	1.81x	1.66x	13.3x	11.7x	10.1x	13.7%	4.4%	
Building Products Manufacturers Mid Cap. (EV < \$3.0B)													
Nortek Inc.	\$80.89	87.0%	\$1,316	\$2,772	1.08x	1.06x	1.01x	11.6x	9.3x	8.4x	9.3%	11.0%	
Headwaters Incorporated	\$12.45	81.4%	\$846	\$1,867	1.12x	0.95x	0.87x	15.3x	10.9x	8.1x	7.3%	21.4%	
Ply Gem Holdings, Inc.	\$18.81	86.4%	\$1,390	\$1,866	2.20x	2.09x	1.92x	13.2x	11.2x	9.8x	16.6%	15.6%	
Griffon Corporation	\$15.85	88.7%	\$739	\$1,532	0.75x	0.76x	0.74x	9.5x	9.0x	8.3x	8.0%	5.9%	
Apogee Enterprises, Inc.	\$50.44	82.6%	\$1,475	\$1,433	1.49x	1.35x	1.20x	13.7x	10.9x	8.7x	10.8%	19.9%	
Simpson Manufacturing Co., Inc.	\$33.78	88.4%	\$1,659	\$1,411	1.83x	1.80x	1.68x	10.9x	10.3x	8.9x	16.9%	4.9%	
Trex Co. Inc.	\$37.31	64.6%	\$1,196	\$1,229	2.98x	2.69x	2.32x	13.5x	11.5x	9.3x	22.1%	22.8%	
American Woodmark Corp.	\$63.11	91.3%	\$1,026	\$858	1.04x	0.93x	0.85x	13.1x	10.3x	9.1x	7.9%	13.6%	
PGT, Inc.	\$12.33	75.7%	\$599	\$745	2.20x	1.89x	1.72x	14.4x	10.4x	8.7x	15.2%	34.3%	
Gibraltar Industries, Inc.	\$16.10	74.9%	\$499	\$703	0.81x	0.69x	0.63x	11.0x	9.4x	7.9x	7.3%	6.1%	
Quanex Building Products Corporation	\$17.40	79.3%	\$589	\$530	0.88x	0.81x	0.67x	10.9x	8.5x	5.8x	8.0%	3.2%	
	Median	82.6%			1.12x	1.06x	1.01x	13.1x	10.3x	8.7x	9.3%	13.6%	
	Mean	81.9%			1.49x	1.37x	1.24x	12.5x	10.2x	8.5x	11.8%	14.4%	
Building Products Distributors													
Wolseley plc	\$64.12	92.9%	\$16,449	\$18,426	0.91x	0.88x	0.82x	13.7x	12.1x	10.8x	6.6%	4.3%	
Watsco Inc.	\$118.13	89.3%	\$3,846	\$4,526	1.12x	1.09x	1.03x	13.0x	12.2x	11.1x	8.6%	5.3%	
Builders FirstSource, Inc.	\$33.92	92.3%	\$1,686	\$1,960	0.82x	0.78x	0.73x	15.1x	11.5x	9.9x	5.4%	6.7%	
Beacon Roofing Supply, Inc.	\$13.52	87.2%	\$1,468	\$1,837	1.10x	1.06x	0.97x	NM	21.4x	16.4x	3.4%	7.7%	
Stock Building Supply Holdings, Inc.	\$0.85	61.2%	\$76	\$552	0.28x	NA	NA	24.6x	NA	NA	1.1%	(4.9%)	
Bluelinx Holdings Inc.	\$17.47	69.3%	\$457	\$538	0.41x	0.38x	0.34x	15.2x	10.9x	7.7x	2.7%	6.9%	
Lumber Liquidators Holdings, Inc.	\$14.72	21.0%	\$399	\$373	0.35x	0.35x	0.32x	3.8x	8.1x	4.4x	9.2%	4.4%	
CanWel Building Materials Group Ltd.	\$4.06	82.1%	\$172	\$315	0.51x	0.48x	0.43x	14.0x	11.7x	8.9x	3.6%	5.3%	
Hardwoods Distribution Inc.	\$12.80	91.3%	\$213	\$250	0.65x	0.58x	0.52x	11.3x	10.0x	8.8x	5.7%	27.2%	
Taiga Building Products Ltd.	\$0.60	84.2%	\$20	\$232	0.22x	NA	NA	6.8x	NA	NA	3.2%	12.9%	
Huttig Building Products Inc.	\$3.10	70.5%	\$77	\$153	0.24x	NA	NA	12.6x	NA	NA	1.9%	11.1%	
Goodfellow Inc.	\$6.82	82.3%	\$58	\$108	0.26x	NA	NA	8.5x	NA	NA	3.1%	0.0%	
	Median	83.2%			0.46x	0.68x	0.62x	13.0x	11.6x	9.4x	3.5%	6.0%	
	Mean	77.0%			0.57x	0.70x	0.64x	12.6x	12.2x	9.7x	4.6%	7.3%	

Source: Capital IQ; For definitions, see page 13

Public Companies Trading Analysis (cont.)

(\$ in millions)

Company	8/25/15 Stock Price	% of 52 Wk High	Market Value	Enterprise Value	Enterprise Value as a Multiple of						EBITDA Margin	Revenue Growth	
					Revenue			EBITDA					LTM
					LTM	2015E	2016E	LTM	2015E	2016E			LTM
Building Materials Manufacturers													
LafargeHolcim Ltd.	\$63.35	77.7%	\$20,644	\$32,790	1.68x	1.41x	1.27x	8.6x	6.4x	5.6x	19.5%	(2.5%)	
CRH plc	\$28.26	87.6%	\$23,239	\$26,260	1.15x	1.08x	0.97x	13.3x	11.4x	9.4x	8.6%	4.9%	
CEMEX, S.A.B. de C.V.	\$0.70	70.2%	\$8,976	\$23,919	1.71x	1.64x	1.51x	9.5x	7.7x	7.0x	18.0%	7.2%	
HeidelbergCement AG	\$75.11	85.4%	\$14,115	\$22,509	1.52x	1.37x	1.37x	9.1x	7.9x	7.2x	16.7%	11.9%	
Vulcan Materials Company	\$86.01	86.5%	\$11,455	\$13,427	4.40x	3.93x	3.48x	21.6x	16.6x	13.0x	20.4%	8.7%	
Martin Marietta Materials, Inc.	\$154.34	86.9%	\$10,341	\$11,956	4.08x	3.35x	2.95x	18.5x	13.5x	11.1x	22.1%	48.1%	
Eagle Materials Inc.	\$74.18	70.2%	\$3,737	\$4,254	3.99x	3.39x	2.97x	14.0x	10.0x	8.2x	28.4%	18.7%	
Titan Cement Company S.A.	\$24.20	85.0%	\$1,886	\$2,743	2.14x	1.81x	1.65x	15.6x	10.3x	8.4x	13.8%	4.0%	
U.S. Concrete, Inc.	\$47.81	83.0%	\$697	\$963	1.32x	NA	NA	12.8x	NA	NA	10.3%	17.7%	
	Median	85.0%			1.71x	1.73x	1.58x	13.3x	10.2x	8.3x	18.0%	8.7%	
	Mean	81.4%			2.44x	2.25x	2.02x	13.7x	10.5x	8.7x	17.5%	13.2%	
Home Builders													
Lennar Corporation	\$48.18	86.0%	\$9,763	\$16,069	1.86x	1.70x	1.46x	14.9x	11.8x	10.5x	12.5%	28.9%	
DR Horton Inc.	\$28.28	87.4%	\$10,372	\$13,428	1.33x	1.29x	1.13x	11.9x	10.5x	9.1x	11.1%	36.6%	
Toll Brothers Inc.	\$35.08	83.1%	\$6,178	\$9,101	2.21x	2.16x	1.80x	17.7x	13.4x	9.9x	12.5%	27.1%	
PulteGroup, Inc.	\$18.91	81.0%	\$6,671	\$7,972	1.37x	1.31x	1.19x	10.1x	8.8x	8.0x	13.5%	3.3%	
NVR, Inc.	\$1,459.20	92.1%	\$5,926	\$6,049	1.28x	1.17x	1.02x	11.0x	10.3x	8.7x	11.6%	8.9%	
Standard Pacific Corp.	\$8.12	86.8%	\$2,244	\$4,426	1.81x	1.56x	1.24x	12.8x	8.8x	7.3x	14.1%	19.8%	
KB Home	\$13.62	75.2%	\$1,253	\$3,633	1.40x	1.16x	1.01x	24.4x	14.4x	11.1x	5.8%	18.6%	
Ryland Group Inc.	\$41.58	83.7%	\$1,948	\$3,074	1.16x	1.07x	0.91x	10.0x	8.6x	7.4x	11.6%	17.2%	
Meritage Homes Corporation	\$39.34	78.8%	\$1,560	\$2,482	1.04x	0.89x	0.80x	12.6x	10.1x	8.5x	8.2%	22.2%	
Hovnanian Enterprises Inc.	\$1.61	36.4%	\$242	\$2,286	1.06x	1.01x	0.87x	22.5x	17.1x	9.5x	4.7%	14.9%	
MDC Holdings Inc.	\$27.29	87.4%	\$1,334	\$1,974	1.12x	0.93x	0.81x	19.3x	16.3x	10.1x	5.8%	5.5%	
Beazer Homes USA Inc.	\$15.71	74.1%	\$431	\$1,857	1.27x	1.09x	0.94x	NM	14.6x	10.7x	3.4%	11.4%	
M/I Homes, Inc.	\$24.19	89.6%	\$594	\$1,176	0.92x	0.85x	0.70x	11.7x	12.0x	9.3x	7.8%	13.9%	
	Median	83.7%			1.28x	1.16x	1.01x	12.7x	11.8x	9.3x	11.1%	17.2%	
	Mean	80.1%			1.37x	1.25x	1.07x	14.9x	12.1x	9.2x	9.4%	17.5%	
Lumber and Wood Products Manufacturers													
Weyerhaeuser Co.	\$26.90	72.6%	\$13,832	\$18,127	2.45x	2.50x	2.30x	10.7x	11.7x	9.5x	22.8%	2.1%	
West Fraser Timber Co. Ltd.	\$37.65	63.6%	\$3,145	\$3,434	1.06x	1.06x	0.97x	8.3x	7.9x	5.1x	12.8%	13.0%	
Canfor Corp.	\$15.26	81.9%	\$2,177	\$2,452	1.25x	1.21x	1.03x	NM	NM	9.2x	0.3%	(1.9%)	
Louisiana-Pacific Corp.	\$15.03	62.4%	\$2,013	\$2,424	0.84x	0.82x	0.75x	6.8x	6.7x	4.2x	12.5%	11.4%	
Norbord, Inc.	\$15.76	71.5%	\$1,346	\$2,076	1.80x	1.48x	1.13x	NM	20.9x	6.9x	6.2%	(9.9%)	
Boise Cascade Company	\$30.21	68.8%	\$1,184	\$1,340	0.37x	0.36x	0.33x	7.0x	7.5x	6.0x	5.3%	6.0%	
Universal Forest Products Inc.	\$59.10	91.0%	\$1,190	\$1,324	0.47x	0.45x	0.42x	9.0x	8.2x	7.5x	5.2%	12.0%	
	Median	71.5%			1.06x	1.06x	0.97x	8.3x	8.1x	6.9x	6.2%	6.0%	
	Mean	73.1%			1.18x	1.13x	0.99x	8.4x	10.5x	6.9x	9.3%	4.7%	

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

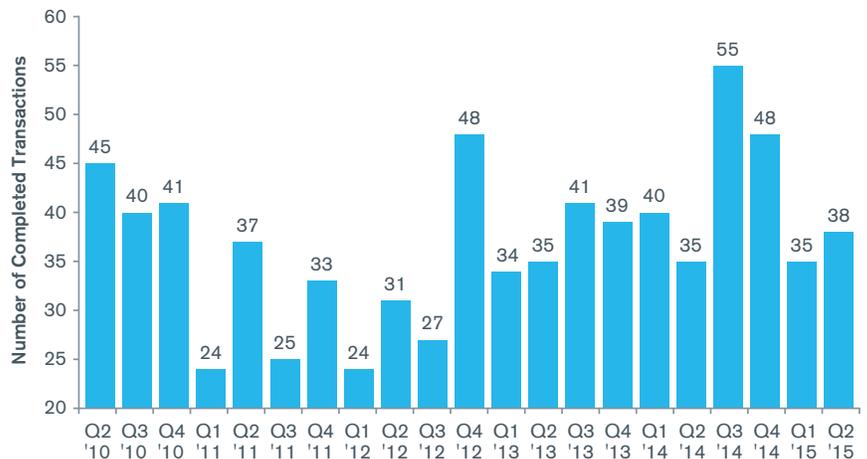
1H 2015 M&A Activity – Outlook Remains Favorable

Building Products and Materials M&A Trends

M&A activity in the sector was strong in 1H 2015 with 73 completed transactions involving target companies headquartered in the U.S. or Canada. This compares to 75 transactions completed in the first half of 2014 and 103 transactions completed in the second half of 2014.

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

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 – 1H 2015

Date Announced	Target	Target Country	Acquirer	Target Business Description
Building Products Distributors				
Jun-15	Craftmaster Hardware, Inc.	United States	Capital Resource Partners	Distributes security hardware, detention, and locksmith supplies
Jun-15	Stock Building Supply Holdings, Inc.	United States	Building Materials Holding Corporation	Distributes lumber and building materials in the United States
Jun-15	ProCoat Systems, Inc.	United States	Beacon Roofing Supply, Inc.	Supplies building materials to commercial and residential construction projects in Colorado and surrounding areas
May-15	The Wolf Organization, Inc.	United States	Quad-C Management, Inc.	Distributes kitchen and bath cabinets, and specialty building products in the United States
Apr-15	Zarsky Lumber Company, Inc.	United States	Kodiak Building Partners	Dealer of lumber, hardware, and building materials dealer in South Texas
Apr-15	Direct Cabinet Sales, Inc.	United States	US LBM Holdings, LLC	Designs, distributes, and installs kitchen/bath/storage cabinetry and related products to residential, commercial, and new construction markets
Apr-15	Rosen Materials, LLC	United States	US LBM Holdings, LLC	Distributes residential and commercial building products in the United States and the Caribbean
Apr-15	Security Supply Corporation	United States	WinWholesale Inc.	Distributes HVAC equipment in New York and Massachusetts
Apr-15	ProBuild Holdings, Inc.	United States	Builders FirstSource, Inc.	Distributes lumber and building materials to builders, contractors, and tradesmen in the United States
Apr-15	Northland Construction Supplies Ltd.	Canada	National Concrete Accessories	Distributes concrete, ceramic and masonry products and materials
Apr-15	Richardson Gypsum, LLC	United States	US LBM Holdings, LLC	Distributes construction supplies and equipment for construction projects
Mar-15	Great Western Building Materials, Inc.	United States	Foundation Building Materials, LLC	Distributes building products, related equipment, and tools
Mar-15	PrimeSource Building Products, Inc.	United States	Platinum Equity, LLC	Distributes fasteners and various building materials
Mar-15	Riback Supply Company Inc.	United States	Plumb Supply Inc.	Distributes residential and commercial plumbing and HVAC supplies
Mar-15	Queen City Electrical Supply Co., Inc.	United States	Schaedler Yesco Distribution Inc.	Distributes electrical products
Jan-15	Swift-Train Company, LLC	United States	Stonebridge Partners	Distributes floor covering products in Texas, Oklahoma, Arkansas, and Louisiana
Jan-15	Pioneer Sand Company, Inc.	United States	JLL Partners	Distributes and markets hardscape landscaping materials
Jan-15	Centaur Floor Systems LLC	United States	ECORE International, Inc.	Distributes recreational, fitness, and athletic flooring systems

Source: Capital IQ

1H 2015 M&A Activity – Outlook Remains Favorable (Cont.)

Notable M&A Activity – 1H 2015 (cont.)

Date Announced	Target	Target Country	Acquirer	Target Business Description
Building Products Manufacturers				
Jun-15	Advanced Flooring and Design LLC	United States	Interior Specialists, Inc.	Manufactures floor covering and interior finish products for builders and homebuyers
Jun-15	C.H.I. Overhead Doors, Inc.	United States	KKR & Co. L.P.; KKR North American XI Fund, L.P.	Manufactures residential, commercial, rolling steel, and garage doors
Jun-15	Mason Corporation	United States	Superior Metal Products Co., Inc.	Manufactures aluminum building products for the residential and light commercial markets
Jun-15	Bridgewell Resources LLC, Specialty Building Products Division	United States	Silvaris Corporation	Manufactures building products including flooring, roofing, dimensional lumber and panel products
May-15	Thermo-Cell Industries Limited	Canada	US GreenFiber, LLC	Manufactures thermal and acoustical cellulose insulation, specialty fibers, and hydroseeding mulches
May-15	Advanced Building Products, Inc.	United States	SRS Distribution, Inc.	Manufactures and installs aluminum replacement and storm windows
May-15	Infiltrator Systems Inc. (nka:Infiltrator Water Technologies, LLC)	United States	Ontario Teachers' Pension Plan	Manufactures and supplies onsite wastewater systems for homeowners
May-15	TruStile Doors, LLC	United States	Marvin Windows and Doors, Inc.	Designs and manufactures doors
Apr-15	Grabill Incorporated	United States	Pella Corporation	Manufactures designer windows and doors
Mar-15	Design Specialties, Inc.	United States	Blackthorne Partners LTD.	Manufactures glass fireplace doors
Mar-15	Norcraft Companies, Inc.	United States	Fortune Brands Home & Security, Inc.	Manufactures kitchen and bathroom cabinetry in the United States and Canada
Mar-15	Martin Fireproofing Corporation	United States	Innovative Metals Company, Inc.	Manufactures, sells, and installs specialty roof deck solutions
Mar-15	Pinnacle Stone & Tile LLC	United States	L.A.R.K. Industries, Inc.	Manufactures and installs countertops, shower and bath surrounds, fireplaces, vanities, floor inlays, and custom projects in Northern California
Mar-15	Fry Reglet Corporation, Axiom & Serpentina Ceiling Systems	United States	Worthington Armstrong Venture	Manufactures ceiling systems
Mar-15	Easi-Serv Products Inc.	Canada	Franke Foodservice Systems, Inc.	Designs and manufactures drive-thru windows, food conveyors, and glass patios
Feb-15	Alco Corporation	United States	Betterroads Asphalt Corporation; Petroleum Emulsion Manufacturing Corporation; Bettercycling Corporation	Manufactures and markets asphalt roofing solutions
Feb-15	Zero International, Inc.	United States	Schlage Lock Company LLC	Designs and manufactures a range of specialized sealing systems for doors and windows
Feb-15	Atis Group Inc.	Canada	Fondaction; Fonds de solidarité FTQ; Desjardins Capital régional et coopératif (CRCD)	Develops, manufactures, distributes, and installs windows, doors, and products for residential and commercial construction and renovation markets in Canada
Feb-15	Timber Tech Texas, Inc.	United States	Builders FirstSource, Inc.	Designs and manufactures wood roof and floor trusses, wall panels and sub-components, and light-gauge steel trusses for residential builders, commercial builders, and lumber dealers in Texas
Jan-15	LDR Industries, Inc.	United States	LDR Global Industries, LLC	Manufactures and supplies kitchen, bath, plumbing, and related products to the home improvement industry
Jan-15	Blackidge Emulsions, Inc., Asphalt Sealcoat Manufacturing Facility	United States	GuardTop, LLC	Manufactures asphalt sealcoat
Jan-15	SureSeal Manufacturing, Certain Assets and SureSeal Brand	United States	The RectorSeal Corporation	Manufactures drain trap seals
Building Materials Manufacturers				
Jun-15	Anchor Block Company and Anchor Wall Systems, Inc.	United States	Oldcastle Architectural, Inc.	Designs, manufactures, and sells concrete landscape and masonry products
Jun-15	U.S. Concrete, Inc., Architectural Precast Plant in Middleburg, Pennsylvania	United States	N/A	A concrete architectural precast manufacturing facility
Jun-15	DuBROOK Concrete, Inc.	United States	U.S. Concrete, Inc.	Manufactures and delivers ready-mixed concrete in the northern Virginia market
May-15	Colonial Concrete Company, Inc.	United States	U.S. Concrete, Inc.	Manufactures ready-mix
May-15	A Leading Cement Terminal in Puerto Rico	United States	Cementos Argos S.A.; Putney Capital Management, LLC	A Leading Cement Terminal in Puerto Rico comprises a reception, storage, and distribution cement terminal
May-15	Coastal Concrete Southeast II LLC	United States	Thomas Concrete Group AB	Manufactures and distributes ready mixed concrete and aggregates to residential and commercial construction industries in South Carolina, Georgia, and Florida

Source: Capital IQ

1H 2015 M&A Activity – Outlook Remains Favorable (Cont.)

Notable M&A Activity – 1H 2015 (cont.)

Date Announced	Target	Target Country	Acquirer	Target Business Description
Building Materials Manufacturers (cont.)				
May-15	Simon Contractors., Cheyenne, Wyoming Asphalt Terminal	United States	Blueknight Energy Partners, L.P.	Asphalt production facility
May-15	Holcim (US) Inc., Slag Grinding Plant in South Chicago	United States	Eagle Materials Inc.	Slag grinding plant
Apr-15	Holcim Ltd., Cement Facilities in USA	United States	ESSROC Cement Corp.	Cement manufacturing facility
Apr-15	Lafarge North America Inc., Cement Assets	United States	Continental Cement Company, LLC	Cement manufacturing plant and distribution terminals
Apr-15	Ferrara Brothers Building Materials Corp.	United States	U.S. Concrete, Inc.	Manufactures concrete
Mar-15	Two Manufacturing Facilities in Indiana and Illinois	United States	Techo-Bloc Inc.	Two facilities in Indiana and Illinois manufacturing landscape and masonry paving stones
Mar-15	BMI Products of Northern California Inc.	United States	Sika AG	Manufactures silo systems for construction needs
Feb-15	Right Away Redy Mix, Inc.	United States	U.S. Concrete, Inc.	Distributes ready-mix, aggregate, and concrete pumping products and services
Feb-15	Vss Emultech, Manufacturing Facility in White City, Oregon	United States	Western Emulsions, Inc.	Asphalt emulsion manufacturing facility
Jan-15	Aggregate Industries Management, Inc., Former Stafford Gravel Mine Site	United States	Albion LLC	Manufactures gravel in the United States
Jan-15	Continental Glass Systems Inc.	United States	Graham Architectural Products Corporation	Manufactures and installs interior glass for bridge and penthouse railings, windows, suspended ceiling, shower enclosures, and doors
Jan-15	CRH plc, Five Operations in the Precast, Architectural Products and Building Envelope Businesses	United States	N/A	Manufactures concrete
Jan-15	Fabcon Incorporated	United States	Cretex Companies, Inc.	Designs, manufactures, and installs precast and prestressed concrete wall panels for various structures in the United States
Homebuilders				
Jun-15	Ryland Group Inc.	United States	Standard Pacific Corp.	Builds single-family detached and attached homes, such as townhomes and condominiums
Jun-15	Bonterra Builders, LLC	United States	AV Homes, Inc.	Designs and builds new homes in North Carolina and South Carolina
May-15	Fairmont Homes, Inc.	United States	Cavco Industries, Inc.	Builds manufactured and modular homes
May-15	JEH Homes, LLC	United States	Taylor Morrison Home Corporation	Designs and builds homes
Apr-15	Pacific Ridge Homes	United States	DR Horton Inc.	Designs and builds homes in Washington
Mar-15	Grand Haven Homes, L.P.	United States	Brookfield Residential Properties Inc.	Builds and sells homes in Austin and Central Texas
Feb-15	L. E. Meyers Builders, Inc.	United States	BuildSense, Inc.	Develops custom homes and provides residential renovation, restoration, and construction services in North Carolina
Feb-15	Liberty Homes, Inc., Substantially All Assets	United States	Canadian American Homes Inc.	Builds manufactured and modular homes
Jan-15	Trojanski Builders LLC	United States	Bonacio Construction, Inc.	Develops, builds, and sells custom homes and large remodeling projects in New York

1H 2015 M&A Activity – Outlook Remains Favorable (Cont.)

Notable M&A Activity – 1H 2015 (cont.)

Date Announced	Target	Target Country	Acquirer	Target Business Description
Lumber and Wood Manufacturers				
Jun-15	California Cascade Industries Inc.	United States	CanWel Building Materials Group Ltd.	Manufactures and markets various building products
May-15	L & M Wood Products Limited Partnership	Canada	Jemi Fibre Corp.	Manufactures and markets wood products such as boards and timbers
Mar-15	Roy O. Martin Lumber Company L.L.C., Rocky Creek Lumber Operations in Mexia and Alabama	United States	Georgia-Pacific LLC	Manufactures various hardwood products, including plywood products, lumber and timbers and OSB boards
Feb-15	Lost Coast Forest Products, Inc.	United States	American Wood Fibers, Inc.	Manufactures and distributes packaged firewood, chiminea wood, and kindling products
Feb-15	ITL Corp.	United States	Northwest Hardwoods, Inc.	Manufactures hardwood lumber and log products in North America, Europe, and the Far East

Source: Capital IQ

Duff & Phelps Select Relevant Transactions

<p>Sell Side Advisor <i>(On Going)</i></p> <hr/> <p>Project Jigsaw</p> <p>Manufactures and sells commercial modular buildings</p>	<p>Sell Side Advisor</p> <hr/>  <p>a portfolio company of</p>  <p>has been acquired by</p> 	<p>Sell Side Advisor</p> <hr/>  <p>a portfolio company of</p>  <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> 	<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

Co-Head of Industrials M&A
+1 212 450 2866
jon.melzer@duffandphelps.com

Eric Williams

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

European Contacts:

Dafydd Evans

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

Andreas Stoecklin

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

Paul Teuten

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

Asian Contacts

David Lu

Head of China M&A
+86 21 6032 0608
david.lu@duffandphelps.com

Andy Watanabe

Managing Director
+81 (0)3 3593 0150
andy.watanabe@duffandphelps.com

For more information please visit:

www.duffandphelps.com

About Duff & Phelps

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

M&A advisory and capital raising services in the United States are provided by Duff & Phelps Securities, LLC. Member FINRA/SIPC. Pagemill Partners is a Division of Duff & Phelps Securities, LLC. M&A advisory and capital raising services in the United Kingdom and Germany are provided by Duff & Phelps Securities Ltd., which is authorized and regulated by the Financial Conduct Authority.