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Industry Observations – March 31, 2020

Building Products Industry

Select Building Products Public Company Industry Data As of March 31, 2020

(USD in millions, except per share data)

Company Name	Ticker	Market Data				LTM Operating Data			Forward Estimates		
		Price at 03/31/20	% of 52 Week High	Equity Value	Enterprise Value	Debt / Total Capital	Total Assets	LTM Revenue	LTM EBITDA	CY 2020 Revenue Estimate	CY 2020 EBITDA Estimate
Lumber, Millwork, Plywood and Structural Wood											
American Woodmark Corporation	AMWD	\$45.57	38.7%	\$771.28	\$1,426.14	50.3%	\$1,593.83	\$1,658.54	\$234.74	\$1,569.10	\$218.68
Fortune Brands Home & Security, Inc.	FBHS	\$43.25	59.0%	\$6,042.29	\$8,480.81	49.3%	\$6,291.30	\$5,764.60	\$893.30	\$5,375.41	\$822.49
Trex Company, Inc.	TREX	\$80.14	71.6%	\$4,664.67	\$4,760.88	8.4%	\$592.24	\$745.35	\$201.83	\$752.87	\$209.61
Builders FirstSource, Inc.	BLDR	\$12.23	43.0%	\$1,420.27	\$3,273.60	65.8%	\$3,249.49	\$7,280.43	\$492.34	\$6,928.57	\$424.97
Universal Forest Products, Inc.	UFPI	\$37.19	64.0%	\$2,296.82	\$2,414.14	16.2%	\$1,889.48	\$4,416.01	\$313.29	\$4,503.48	\$317.08
Refrigeration and Heating Equipment											
AAON, Inc.	AAON	\$48.32	80.5%	\$2,517.10	\$2,463.86	0.0%	\$371.42	\$469.33	\$91.25	\$523.78	\$129.76
Lennox International Inc.	LII	\$181.79	60.9%	\$7,016.89	\$8,348.38	114.4%	\$2,034.90	\$3,807.20	\$559.30	\$3,673.52	\$600.30
Masco Corporation	MAS	\$34.57	69.1%	\$9,118.02	\$13,002.58	101.9%	\$5,027.00	\$6,707.00	\$1,235.00	\$6,388.65	\$1,140.71
A. O. Smith Corporation	AOS	\$37.81	66.7%	\$6,125.41	\$6,438.47	16.7%	\$3,058.00	\$2,992.70	\$538.00	\$2,858.29	\$492.19
Roofing, Siding and Insulation											
Owens Corning	OC	\$38.81	56.5%	\$4,200.95	\$7,415.84	40.8%	\$10,006.00	\$7,160.00	\$1,216.00	\$6,725.74	\$1,157.47
Armstrong World Industries, Inc.	AWI	\$79.42	71.3%	\$3,811.18	\$4,623.37	64.5%	\$1,493.30	\$1,038.10	\$327.20	\$1,033.85	\$408.39
Cornerstone Building Brands, Inc.	USG	\$4.56	46.6%	\$574.89	\$3,959.84	79.0%	\$5,564.35	\$4,889.75	\$562.99	\$0.00	\$0.00
Windows and Doors											
Griffon Corporation	GFF	\$12.65	49.6%	\$552.82	\$1,854.39	72.5%	\$2,257.80	\$2,247.21	\$208.22	\$2,171.22	\$188.77
PGT Innovations, Inc.	PGTI	\$8.39	45.4%	\$491.48	\$845.85	48.0%	\$922.73	\$744.96	\$117.09	\$792.29	\$131.79
Masonite International Corporation	DOOR	\$47.45	53.2%	\$1,173.14	\$1,967.97	59.8%	\$1,936.58	\$2,176.68	\$259.29	\$2,066.28	\$283.70
Quanex Building Products Corporation	NX	\$10.08	49.4%	\$330.06	\$537.03	38.8%	\$667.20	\$893.63	\$105.08	\$835.47	\$88.55
Building Products - Other											
Gibraltar Industries, Inc.	ROCK	\$42.92	75.9%	\$1,388.84	\$1,281.35	4.0%	\$984.45	\$1,047.44	\$119.93	\$1,173.85	\$150.38
Insteel Industries, Inc.	IIIN	\$13.25	49.8%	\$255.20	\$291.51	0.8%	\$319.04	\$452.08	\$20.40	\$446.27	\$33.27
Simpson Manufacturing Co., Inc.	SSD	\$61.98	70.2%	\$2,749.78	\$2,619.40	4.0%	\$1,095.37	\$1,136.54	\$213.63	\$1,030.27	\$173.33

Notes: LTM (latest twelve months); Enterprise Value (market capitalization less total cash and short-term investments plus short-term borrowings and total long-term debt);

EBITDA (earnings before interest, taxes, depreciation and amortization)

Source: Capital IQ

The material contained in this publication is meant to provide general information regarding valuation topics. This publication does not constitute investment advice with respect to the securities of any company discussed herein, is not intended to provide information upon which to base an investment decision, and should not be construed as such. Professional advice should be obtained before taking any action based on the information contained herein.

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Select Building Products Public Company Valuation Metrics As of March 31, 2020

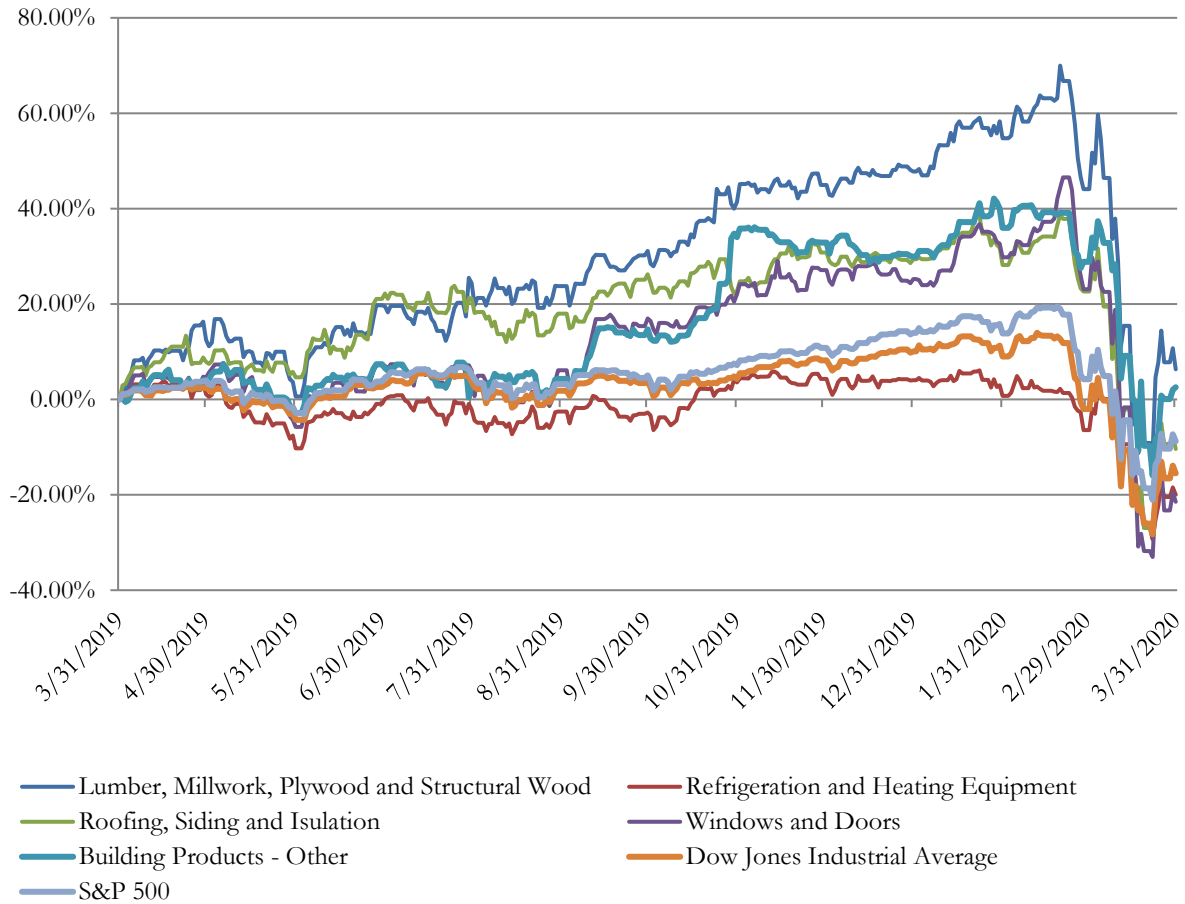
(USD in millions, except per share data)

Company Name	Ticker	LTM Operating Statistics						Trading Multiples			
		Return On Assets	Return On Equity	Return On Capital	Revenue Growth	EBITDA Growth	EBITDA Margin	TEV/ LTM Revenue	TEV/ CY 2020 Revenue	TEV/ LTM EBITDA	TEV/ CY 2020 EBITDA
Lumber, Millwork, Plywood and Structural Wood											
American Woodmark Corporation	AMWD	5.7%	12.9%	6.6%	0.9%	-0.3%	14.2%	0.9x	0.9x	6.1x	6.5x
Fortune Brands Home & Security, Inc.	FBHS	7.6%	18.7%	10.0%	5.1%	5.2%	15.5%	1.5x	1.6x	9.5x	10.3x
Trex Company, Inc.	TREX	22.2%	36.5%	28.2%	8.9%	4.4%	27.1%	6.4x	6.3x	23.6x	22.7x
Builers FirstSource, Inc.	BLDR	7.9%	31.2%	10.7%	-5.8%	5.5%	6.8%	0.4x	0.5x	6.6x	7.7x
Universal Forest Products, Inc.	UFPI	8.7%	15.5%	10.9%	-1.6%	19.6%	7.1%	0.5x	0.5x	7.7x	7.6x
	Mean	10.4%	23.0%	13.3%	1.5%	6.9%	14.1%	1.9x	2.0x	10.7x	11.0x
	Median	7.9%	18.7%	10.7%	0.9%	5.2%	14.2%	0.9x	0.9x	7.7x	7.7x
Refrigeration and Heating Equipment											
AAON, Inc.	AAON	12.6%	19.9%	15.9%	8.2%	23.4%	19.4%	5.2x	4.7x	27.0x	19.0x
Lennox International Inc.	LII	15.8%	N/A	29.4%	-2.0%	-0.8%	14.7%	2.2x	2.3x	14.9x	13.9x
Masco Corporation	MAS	12.9%	10523.1%	22.5%	0.8%	-1.9%	18.4%	1.9x	2.0x	10.5x	11.4x
A. O. Smith Corporation	AOS	9.4%	21.9%	14.6%	-6.1%	-13.5%	18.0%	2.2x	2.3x	12.0x	13.1x
	Mean	12.7%	3521.6%	20.6%	0.2%	1.8%	17.6%	2.9x	2.8x	16.1x	14.3x
	Median	12.9%	21.9%	19.2%	-0.6%	-1.4%	18.2%	2.2x	2.3x	13.4x	13.5x
Roofing, Siding and Isulation											
Owens Corning	OC	4.9%	9.0%	6.2%	1.5%	-4.7%	17.0%	1.0x	1.1x	6.1x	6.4x
Armstrong World Industries, Inc.	AWI	9.6%	82.0%	15.3%	6.4%	14.0%	31.5%	4.5x	4.5x	14.1x	11.3x
Comerstone Building Brands, Inc.	USG	3.5%	-1.6%	4.4%	45.6%	N/A	11.5%	0.8x	N/A	7.0x	N/A
	Mean	6.0%	29.8%	8.6%	17.8%	4.7%	20.0%	2.1x	2.8x	9.1x	8.9x
	Median	4.9%	9.0%	6.2%	6.4%	4.7%	17.0%	1.0x	2.8x	7.0x	8.9x
Windows and Doors											
Griffon Corporation	GFF	4.2%	9.8%	5.3%	9.6%	19.8%	9.3%	0.8x	0.9x	8.9x	9.8x
PGT Innovations, Inc.	PGTI	5.9%	10.7%	6.7%	6.7%	-1.4%	15.7%	1.1x	1.1x	7.2x	6.4x
Masonite International Corporation	DOOR	5.4%	7.8%	6.6%	0.3%	0.3%	11.9%	0.9x	1.0x	7.6x	6.9x
Quanex Building Products Corporation	NX	5.0%	-12.0%	5.9%	-0.1%	20.4%	11.8%	0.6x	0.6x	5.1x	6.1x
	Mean	5.1%	4.1%	6.1%	4.1%	9.7%	12.2%	0.9x	0.9x	7.2x	7.3x
	Median	5.2%	8.8%	6.3%	3.5%	10.0%	11.8%	0.9x	0.9x	7.4x	6.7x
Building Products - Other											
Gibraltar Industries, Inc.	ROCK	6.1%	10.2%	8.3%	4.5%	-0.7%	11.4%	1.2x	1.1x	10.7x	8.5x
Insteel Industries, Inc.	IIN	1.3%	2.1%	1.6%	-2.6%	-55.9%	4.5%	0.6x	0.7x	14.3x	8.8x
Simpson Manufacturing Co., Inc.	SSD	10.3%	15.3%	12.3%	5.4%	0.8%	18.8%	2.3x	2.5x	12.3x	15.1x
	Mean	5.9%	9.2%	7.4%	2.4%	-18.6%	11.6%	1.4x	1.4x	12.4x	10.8x
	Median	6.1%	10.2%	8.3%	4.5%	-0.7%	11.4%	1.2x	1.1x	12.3x	8.8x

Notes: LTM (latest twelve months); NTM (next twelve months); EBITDA (earnings before interest, taxes, depreciation and amortization); TEV (total enterprise value)

Source: Capital IQ

Building Products Public Company LTM Equity Performance
As of March 31, 2020



Note: The indices are derived from the equity performance of the previously listed companies. Source: Capital IQ

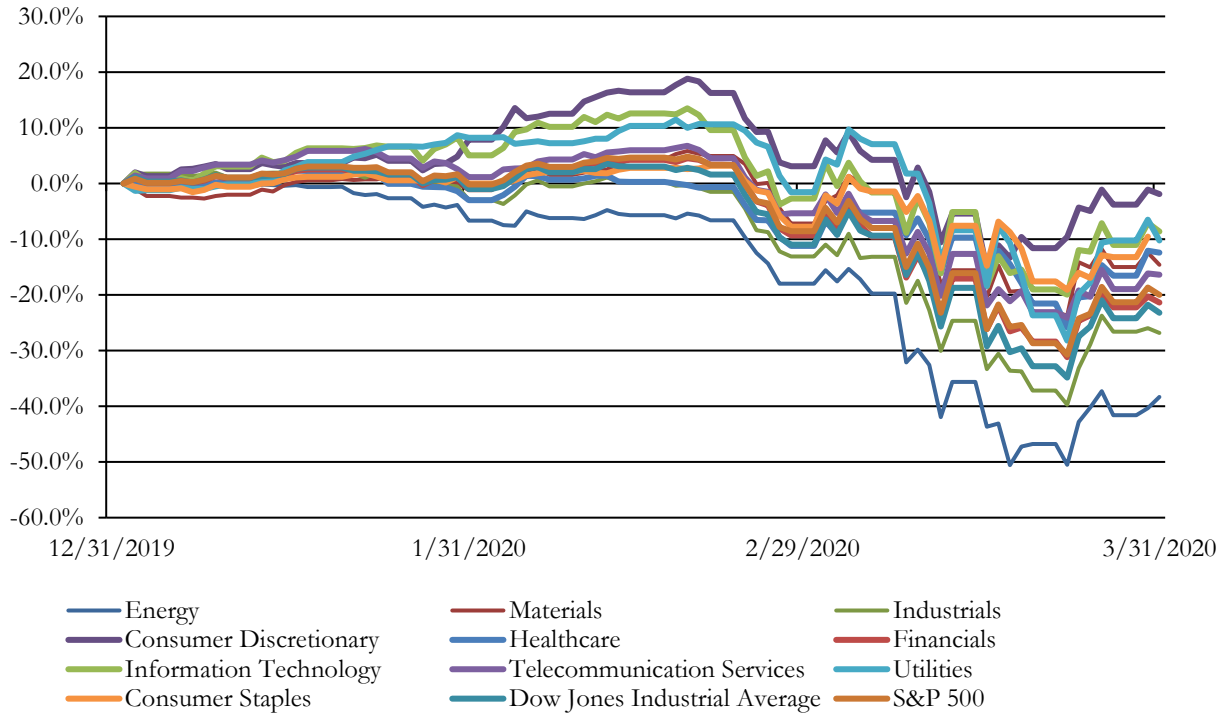
Recent M&A Activity in the Building Products Industry YTD as of March 31, 2020

(USD in millions)

Close Date	Target	Acquirer	Target Company Primary Industry	Implied Enterprise Value
2/3/2020	Continental Building Products, Inc.	CertainTeed Gypsum & Ceiling USA, Inc.	Building Products	\$1,437.76
11/6/2019	Milgard Manufacturing Incorporated	MI Windows and Doors, LLC	Building Products	\$725.00
3/6/2020	Kosmos Cement Plant and Related Assets of Kosmos Cement	Eagle Materials Inc.	Construction Materials	\$665.00
1/6/2020	Cherry Industries, Inc.	Arcosa, Inc.	Construction Materials	\$298.00
2/24/2020	Coram Materials Inc.	U.S. Concrete, Inc.	Construction Materials	\$142.00
2/1/2020	NewSouth Window Solutions, LLC	PGT Innovations, Inc.	Building Products	\$92.00
1/31/2020	Geneva Pipe, Inc.	Northwest Pipe Company	Construction Materials	\$49.40
2/10/2020	Substantially all assets of Redland Brick Inc.	Glen-Gery Corporation	Construction Materials	\$48.00
3/2/2020	Kleary Masonry, Inc.	Cornerstone Building Brands, Inc.	Construction Materials	\$40.00
8/27/2019	Sioux City Brick & Tile Company	Brickworks Limited	Construction Materials	\$32.00
10/17/2019	Advanced Window, Inc.	Exchange Income Corporation	Building Products	\$17.85
2/24/2020	Hunter Insulation, Inc.	TopBuild Corp.	Building Products	\$9.10
6/7/2019	SurePods, LLC	WND Ventures	Building Products	\$2.00
3/23/2020	Two Hot-Mix Asphalt Plants Located In Pensacola And Defuniak	Construction Partners, Inc.	Construction Materials	NA
3/4/2020	Sealcoating Supplies	GemSeal, Inc.	Construction Materials	NA
3/2/2020	US MIX Co.	Oldcastle APG, Inc.	Construction Materials	NA
3/2/2020	Royals Commercial Services, Inc.	Installed Building Products, Inc.	Building Products	NA
2/18/2020	Assets of Semco Windows and Doors	Sierra Pacific Windows, Inc.	Building Products	NA
2/14/2020	Assets of Oldcastle Infrastructure Spokane	Knife River Corporation	Construction Materials	NA
2/10/2020	Triangle Brass Mfg. Co. Inc.	N/A	Building Products	NA
2/5/2020	Two Specialty Building Products Branches of Insulation	Foundation Building Materials, Inc.	Building Products	NA
1/31/2020	Bella Pietra Design	N/A	Construction Materials	NA
1/30/2020	Missouri Refractories Co., Inc.	RHH Magnesita N.V.	Construction Materials	NA
1/28/2020	All Assets of Just Manufacturing Company Inc.	Zum Industries, LLC	Building Products	NA
1/17/2020	Amerimax Windows & Doors	Cascade Windows, Inc.	Building Products	NA
1/15/2020	Carstin Brands, Inc.	The Wolf Organization, LLC	Construction Materials	NA
1/8/2020	ECP Safe-Way Door, LLC	Brixey & Meyer Capital; BMC Growth Fund II	Building Products	NA
1/7/2020	A.L. Smith Glass Company, Inc.	American Insulated Glass, LLC	Construction Materials	NA
1/6/2020	The Delaney Co.	Sargent and Greenleaf, Inc.	Building Products	NA
1/2/2020	JSL Materials Inc.	Peckham Industries, Inc.	Construction Materials	NA
12/31/2019	Concrete Business of Continental Materials Corporation	N/A	Construction Materials	NA
12/31/2019	Two Asphalt Plants of Hamm, Inc.	Superior Bowen Asphalt Company, L.L.C.	Construction Materials	NA
12/30/2019	Assets of Northwestern Industries	Glasswerks, Inc.	Building Products	NA
12/27/2019	Quality Acrylic Baths, Inc.	Royal Baths Manufacturing Company	Building Products	NA
12/23/2019	Topline Counters, LLC	Patrick Industries, Inc.	Construction Materials	NA
12/19/2019	AVO Fence & Supply, Inc.	N/A	Building Products	NA
12/17/2019	Swisstrax Corporation	The Recreational Group LLC	Building Products	NA
12/17/2019	Speedway Tile	The Recreational Group LLC	Building Products	NA
12/11/2019	TrueCore, LLC	Nucor Corporation	Building Products	NA
12/2/2019	Builders' Hardware and Specialty Company, Inc.	The Cook & Boardman Group, LLC	Building Products	NA
11/27/2019	Ascension Ready Mix, Inc.	Quality Concrete Group LLC	Construction Materials	NA
11/25/2019	Built Strong Exteriors LLC	Restoration Builders Inc.	Building Products	NA
11/20/2019	C-Thru Sunrooms	Latium USA Trading, Inc.	Building Products	NA
11/20/2019	Specified Fittings, Inc.	The Harrington Corporation	Building Products	NA
11/6/2019	Any Old Stone, LLC	Construction Resources, Inc.	Construction Materials	NA
11/5/2019	Certain Assets of The Keeney Manufacturing Company	Oatey Company, Inc.	Building Products	NA
11/4/2019	Silver-Line Plastics Corporation	IPEX USA LLC	Building Products	NA
10/31/2019	LAMVIN, Inc.	Sound Seal Inc.	Building Products	NA
10/31/2019	Foster Lumber Yard, Inc.	Central Valley Builders Supply, Inc.	Building Products	NA
10/28/2019	Substantially all of the Assets of Pacific Mutual Door Company	Hardwoods Distribution Inc.	Building Products	NA
10/25/2019	Rappahannock Concrete Corporation	Vulcan Materials Company	Construction Materials	NA
10/21/2019	All Assets of Kovach (nka:Kovach Enclosure Systems, LLC)	N/A	Building Products	NA
10/11/2019	A2Z Coatings LLC	TGM Coatings, LLC	Building Products	NA
10/8/2019	Prefinishing Assets Located at Granite City, Illinois and Prefinish	Louisiana-Pacific Corporation	Building Products	NA
10/7/2019	Oberon, Inc.	Chatsworth Products, Inc.	Building Products	NA
10/3/2019	Custom Window Systems, Inc.	Pella Corporation	Building Products	NA
10/1/2019	Elliott Stone Company, Inc.	Polycor Inc.	Construction Materials	NA
9/23/2019	Global Foam Company	Fifty-Five Manufacturing Inc.	Building Products	NA
9/19/2019	Bel Shower Door Corporation	Denver Glass Interiors, Inc.	Building Products	NA
8/29/2019	Clearline, Inc (nka:WindowMaster Clearline Inc.)	WindowMaster Control Systems Inc.	Building Products	NA
6/25/2019	Noise Barriers, LLC	Sound Seal Inc.	Building Products	NA
6/5/2019	Assets of International Granite & Marble corp.	Cosmos Granite (East), LLC	Construction Materials	NA
6/5/2019	Water Street Brass Corporation	Top Knobs	Building Products	NA
5/20/2019	Assets of Heppner Hardwoods	Saroyan Hardwoods, Inc	Building Products	NA

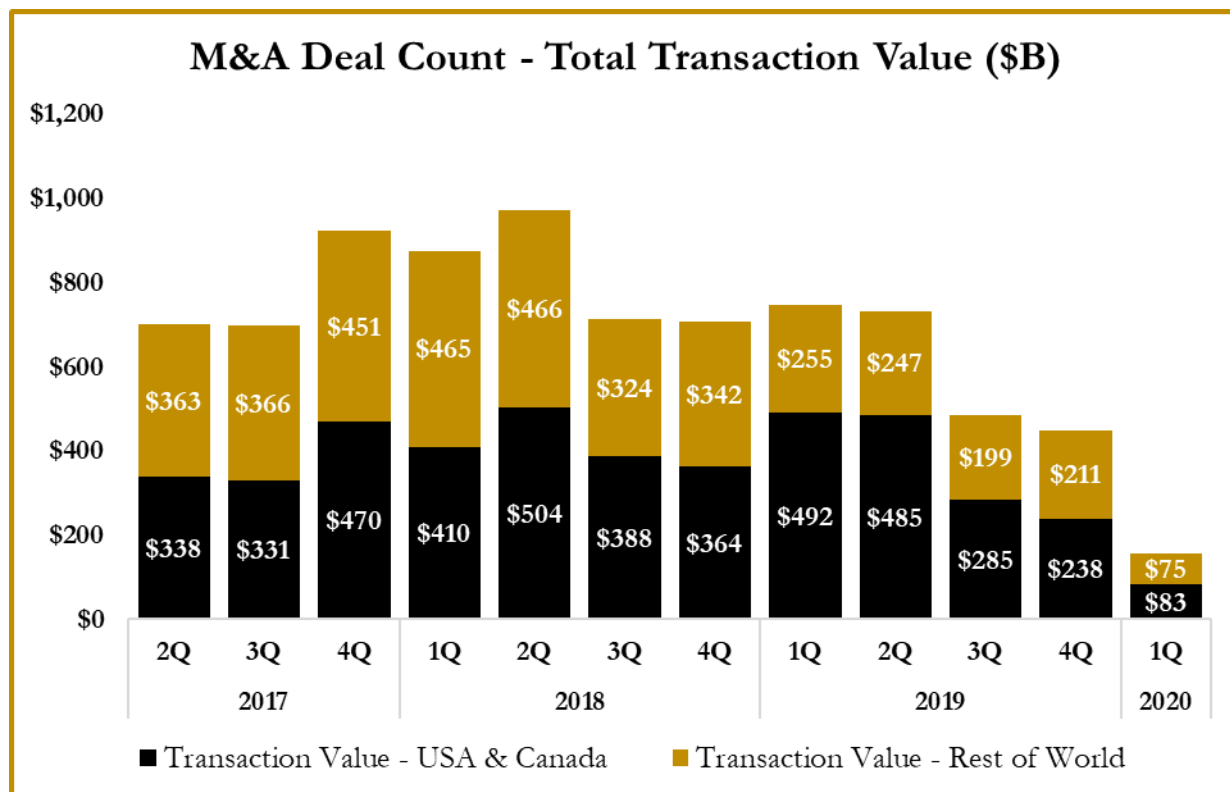
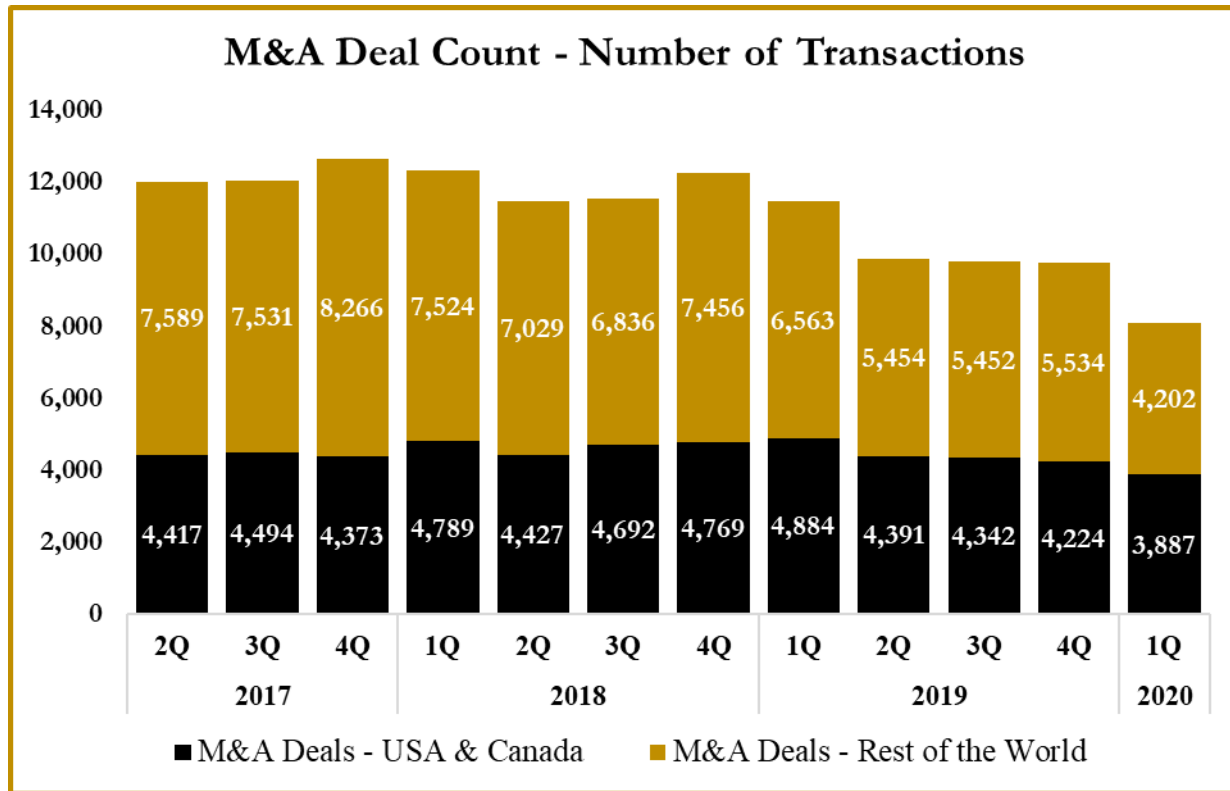
S&P Capital IQ - Sector Last 3 Month Equity Performance
As of March 31, 2020

Change in Market Cap by S&P Capital IQ Sector

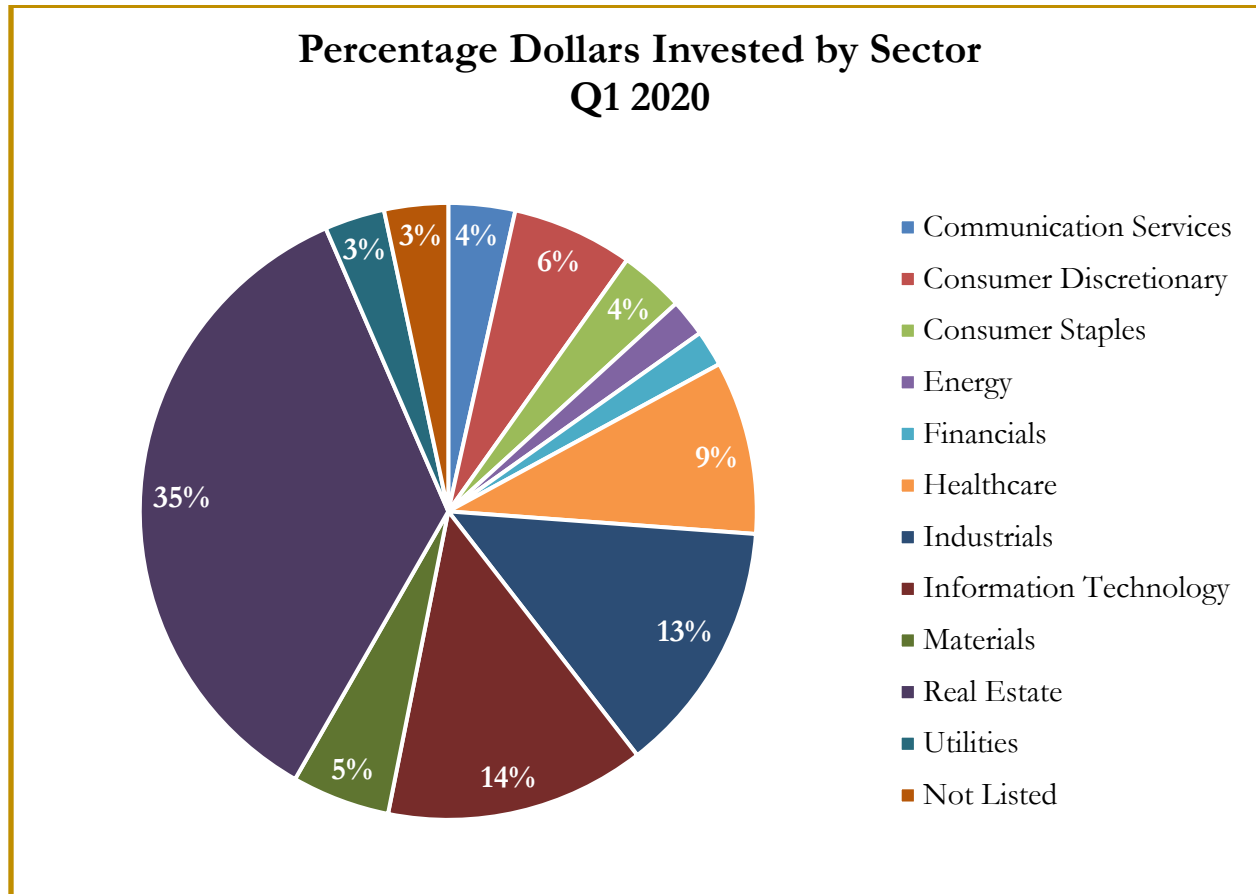


Note: The indices are derived from the equity performance of the S&P Capital IQ Sectors. Source: Capital IQ

M&A Deal Flow Statistics by S&P Capital IQ Sector
As of March 31, 2020



M&A Deal Flow Statistics by S&P Capital IQ Sector
As of March 31, 2020





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