



Industry Update  
**Building Products**  
Q4 2020

## 1

# Financial Performance

*Size Profile, LTM Financials, Forward Estimates*

(USD in millions, except per share data)

| Company Name   | Ticker | Size Profile      |                   |          | LTM Operating Data |             | Forward Estimates |                   |                  |
|--|--------|-------------------|-------------------|----------|--------------------|-------------|-------------------|-------------------|------------------|
|  |        | Price at 12/31/20 | % of 52 Week High | TEV      | Total Assets       | LTM Revenue | LTM EBITDA        | 2021 Est. Revenue | 2021 Est. EBITDA |
| <b>Lumber, Millwork, Plywood and Structural Wood</b> |        |                   |                   |          |                    |             |                   |                   |                  |
| Fortune Brands Home & Security, Inc.                 | FBHS   | \$85.72           | 92.6%             | \$14,452 | \$7,359            | \$6,090     | \$1,012           | \$6,948           | \$1,199          |
| Trex Company, Inc.                                   | TREX   | \$83.72           | 95.3%             | \$11,596 | \$718              | \$817       | \$237             | \$1,009           | \$307            |
| Builders FirstSource, Inc.                           | BLDR   | \$40.81           | 95.3%             | \$6,522  | \$4,015            | \$7,792     | \$521             | \$13,759          | \$1,179          |
| UFP Industries, Inc.                                 | UFPI   | \$55.55           | 86.5%             | \$3,777  | \$2,351            | \$4,758     | \$381             | \$5,679           | \$424            |
| American Woodmark Corporation                        | AMWD   | \$93.85           | 79.7%             | \$2,177  | \$1,673            | \$1,634     | \$210             | \$1,754           | \$253            |
| <b>Refrigeration and Heating Equipment</b>           |        |                   |                   |          |                    |             |                   |                   |                  |
| Lennox International Inc.                            | LII    | \$273.97          | 85.7%             | \$11,551 | \$2,033            | \$3,634     | \$562             | \$3,848           | \$639            |
| A. O. Smith Corporation                              | AOS    | \$54.82           | 93.5%             | \$9,146  | \$3,161            | \$2,895     | \$528             | \$3,140           | \$610            |
| AAON, Inc.   | AAON   | \$66.63           | 96.0%             | \$3,987  | \$440              | \$520       | \$125             | \$501             | \$120            |
| <b>Roofing, Siding and Insulation</b>                |        |                   |                   |          |                    |             |                   |                   |                  |
| Owens Corning  | OC     | \$75.76           | 95.9%             | \$11,535 | \$9,398            | \$6,822     | \$1,242           | \$7,358           | \$1,445          |
| Armstrong World Industries, Inc.                     | AWI    | \$74.39           | 66.7%             | \$4,518  | \$1,634            | \$945       | \$285             | \$985             | \$342            |

## Financial Performance (cont.)

Size Profile, LTM Financials, Forward Estimates

(USD in millions, except per share data)

| Company Name                         | Ticker | Size Profile      |                   |         | LTM Operating Data |             | Forward Estimates |                   |                  |
|--------------------------------------|--------|-------------------|-------------------|---------|--------------------|-------------|-------------------|-------------------|------------------|
|                                      |        | Price at 12/31/20 | % of 52 Week High | TEV     | Total Assets       | LTM Revenue | LTM EBITDA        | 2021 Est. Revenue | 2021 Est. EBITDA |
| <b>Windows and Doors</b>             |        |                   |                   |         |                    |             |                   |                   |                  |
| Masonite International Corporation   | DOOR   | \$98.34           | 89.5%             | \$3,283 | \$2,027            | \$2,170     | \$317             | \$2,409           | \$407            |
| Griffon Corporation                  | GFF    | \$20.38           | 74.0%             | \$2,356 | \$2,484            | \$2,468     | \$256             | \$2,479           | \$257            |
| PGT Innovations, Inc.                | PGTI   | \$20.34           | 94.6%             | \$1,680 | \$1,060            | \$836       | \$132             | \$941             | \$168            |
| Quanex Building Products Corporation | NX     | \$22.17           | 96.7%             | \$938   | \$692              | \$852       | \$103             | \$914             | \$114            |
| <b>Building Products - Other</b>     |        |                   |                   |         |                    |             |                   |                   |                  |
| Simpson Manufacturing Co., Inc.      | SSD    | \$93.45           | 89.6%             | \$4,156 | \$1,278            | \$1,237     | \$283             | \$1,318           | \$291            |
| Gibraltar Industries, Inc.           | ROCK   | \$71.94           | 97.2%             | \$2,917 | \$1,102            | \$1,123     | \$145             | \$1,417           | \$206            |
| Insteel Industries, Inc.             | IIN    | \$22.27           | 83.7%             | \$482   | \$338              | \$473       | \$39              | \$539             | \$65             |

## 2

## Valuation Metrics

## Return Profile, Trading Multiples

| Company Name   | Ticker | Return Profile   |                  |                |               |               | Trading Multiples |                   |                  |
|--|--------|------------------|------------------|----------------|---------------|---------------|-------------------|-------------------|------------------|
|  |        | Return on Assets | Return on Equity | Revenue Growth | EBITDA Margin | EBITDA Growth | 5-yr Beta         | TEV / LTM Revenue | TEV / LTM EBITDA |
| <b>Lumber, Millwork, Plywood and Structural Wood</b> |        |                  |                  |                |               |               |                   |                   |                  |
| Fortune Brands Home & Security, Inc.                 | FBHS   | 7.8%             | 21.3%            | 5.7%           | 16.6%         | 13.3%         | 1.6x              | 2.4x              | 14.3x            |
| Trex Company, Inc.                                   | TREX   | 21.5%            | 34.7%            | 13.4%          | 29.0%         | 26.4%         | 1.5x              | 14.2x             | 48.9x            |
| Builders FirstSource, Inc.                           | BLDR   | 6.9%             | 24.1%            | 6.3%           | 6.7%          | 3.2%          | 2.6x              | 0.8x              | 12.5x            |
| UFP Industries, Inc.                                 | UFPI   | 9.2%             | 17.2%            | 8.0%           | 8.0%          | 25.1%         | 1.5x              | 0.8x              | 9.9x             |
| American Woodmark Corporation                        | AMWD   | 4.5%             | 9.1%             | -0.8%          | 12.9%         | -11.3%        | 2.3x              | 0.8x              | N/A              |
|  | Mean   | 10.0%            | 21.3%            | 6.5%           | 14.6%         | 11.3%         | 1.9x              | 3.8x              | 21.4x            |
|  | Median | 7.8%             | 21.3%            | 6.3%           | 12.9%         | 13.3%         | 1.6x              | 0.8x              | 13.4x            |
| <b>Refrigeration and Heating Equipment</b>           |        |                  |                  |                |               |               |                   |                   |                  |
| Lennox International Inc.                            | LII    | 15.0%            | N/A              | -4.5%          | 15.5%         | 0.4%          | 0.8x              | 3.2x              | 20.6x            |
| A. O. Smith Corporation                              | AOS    | 9.0%             | 19.6%            | -3.3%          | 18.2%         | -1.9%         | 1.0x              | 3.2x              | 17.3x            |
| AAON, Inc.   | AAON   | 16.0%            | 24.8%            | 13.4%          | 24.1%         | 49.8%         | 0.6x              | 7.7x              | 31.8x            |
|  | Mean   | 13.3%            | 22.2%            | 1.9%           | 19.3%         | 16.1%         | 0.8x              | 4.7x              | 23.2x            |
|  | Median | 15.0%            | 22.2%            | -3.3%          | 18.2%         | 0.4%          | 0.8x              | 3.2x              | 20.6x            |
| <b>Roofing, Siding and Isulation</b>                 |        |                  |                  |                |               |               |                   |                   |                  |
| Owens Corning  | OC     | 5.0%             | -12.9%           | -5.1%          | 18.2%         | -4.5%         | 1.6x              | 1.7x              | 9.3x             |
| Armstrong World Industries, Inc.                     | AWI    | 8.1%             | -16.6%           | -8.3%          | 30.1%         | -7.6%         | 1.2x              | 4.8x              | 15.9x            |
|  | Mean   | 6.6%             | -14.8%           | -6.7%          | 24.2%         | -6.0%         | 1.4x              | 3.2x              | 12.6x            |
|  | Median | 6.6%             | -14.8%           | -6.7%          | 24.2%         | -6.0%         | 1.4x              | 3.2x              | 12.6x            |

## Valuation Metrics (cont.)

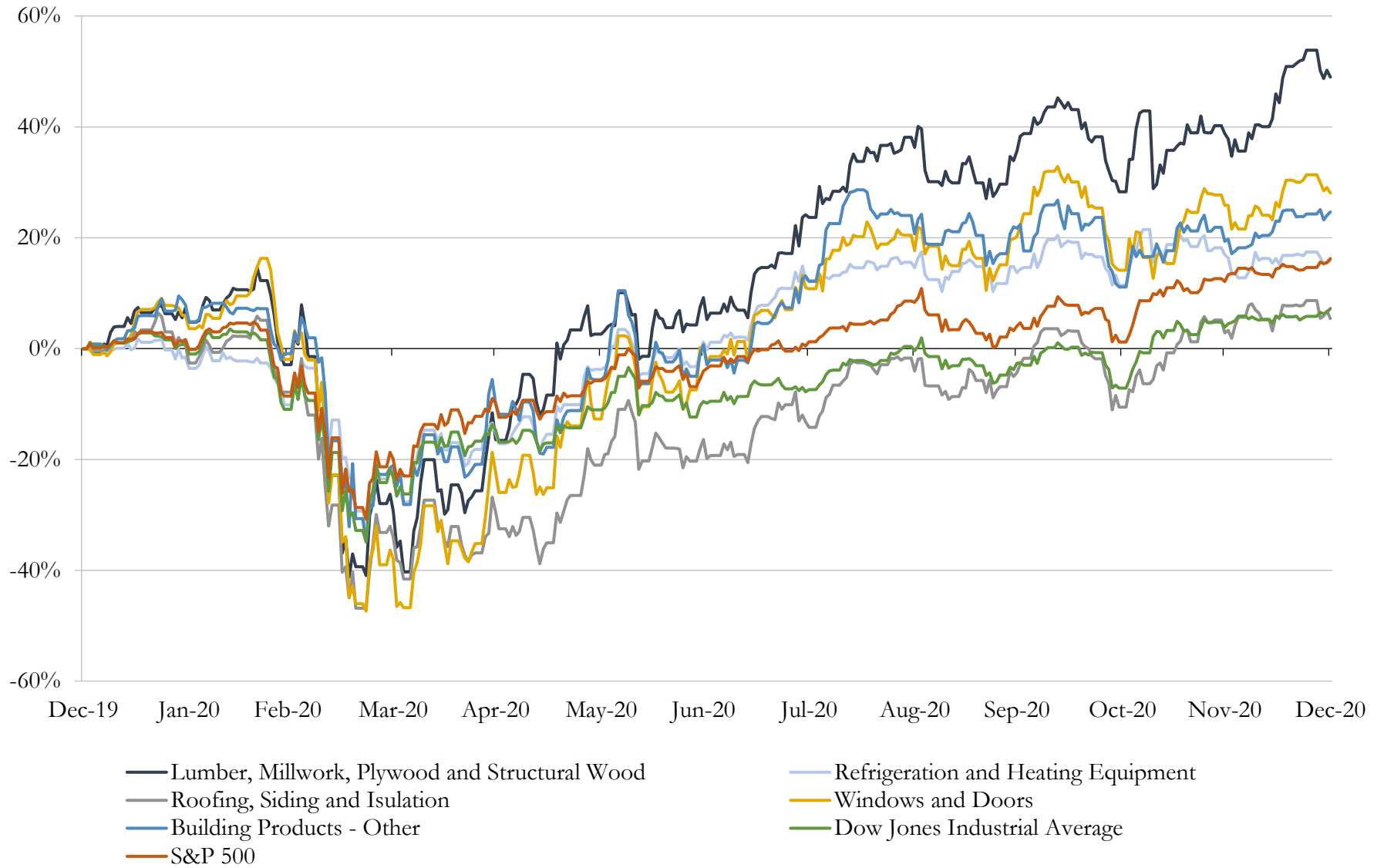
### Return Profile, Trading Metrics

| Company Name                         | Ticker        | Return Profile   |                  |                |               |               | Trading Multiples |                   |                  |
|--------------------------------------|---------------|------------------|------------------|----------------|---------------|---------------|-------------------|-------------------|------------------|
|                                      |               | Return on Assets | Return on Equity | Revenue Growth | EBITDA Margin | EBITDA Growth | 5-yr Beta         | TEV / LTM Revenue | TEV / LTM EBITDA |
| <b>Windows and Doors</b>             |               |                  |                  |                |               |               |                   |                   |                  |
| Masonite International Corporation   | DOOR          | 7.1%             | 7.6%             | -0.2%          | 14.6%         | 18.9%         | 1.8x              | 1.5x              | 10.4x            |
| Griffon Corporation                  | GFF           | 7.1%             | 7.6%             | -0.2%          | 14.6%         | 18.9%         | 1.8x              | 1.0x              | 9.2x             |
| PGT Innovations, Inc.                | PGTI          | 5.9%             | 8.6%             | 10.0%          | 15.8%         | 6.6%          | 1.4x              | 2.0x              | 12.7x            |
| Quanex Building Products Corporation | NX            | 5.2%             | 11.2%            | -4.7%          | 12.1%         | 4.9%          | 1.7x              | 1.1x              | 9.1x             |
|                                      | <b>Mean</b>   | <b>6.3%</b>      | <b>8.8%</b>      | <b>1.2%</b>    | <b>14.3%</b>  | <b>12.3%</b>  | <b>1.7x</b>       | <b>1.4x</b>       | <b>10.3x</b>     |
|                                      | <b>Median</b> | <b>6.5%</b>      | <b>8.1%</b>      | <b>-0.2%</b>   | <b>14.6%</b>  | <b>12.7%</b>  | <b>1.7x</b>       | <b>1.3x</b>       | <b>9.8x</b>      |
| <b>Building Products - Other</b>     |               |                  |                  |                |               |               |                   |                   |                  |
| Simpson Manufacturing Co., Inc.      | SSD           | 12.9%            | 20.2%            | 10.8%          | 22.9%         | 38.5%         | 1.3x              | 3.4x              | 14.7x            |
| Gibraltar Industries, Inc.           | ROCK          | 7.3%             | 12.5%            | 9.0%           | 12.9%         | 24.0%         | 1.2x              | 2.6x              | 20.2x            |
| Insteel Industries, Inc.             | IIN           | 4.8%             | 7.4%             | 3.7%           | 8.2%          | 110.1%        | 1.7x              | 1.0x              | 12.4x            |
|                                      | <b>Mean</b>   | <b>8.3%</b>      | <b>13.4%</b>     | <b>7.8%</b>    | <b>14.6%</b>  | <b>57.6%</b>  | <b>1.4x</b>       | <b>2.3x</b>       | <b>15.8x</b>     |
|                                      | <b>Median</b> | <b>7.3%</b>      | <b>12.5%</b>     | <b>9.0%</b>    | <b>12.9%</b>  | <b>38.5%</b>  | <b>1.3x</b>       | <b>2.6x</b>       | <b>14.7x</b>     |

# 3

## LTM Equity Performance

Major Indexes



## 4

## Recent M&amp;A Activity

*Last Twelve (12) Months as of December 31, 2020*

(USD in millions)

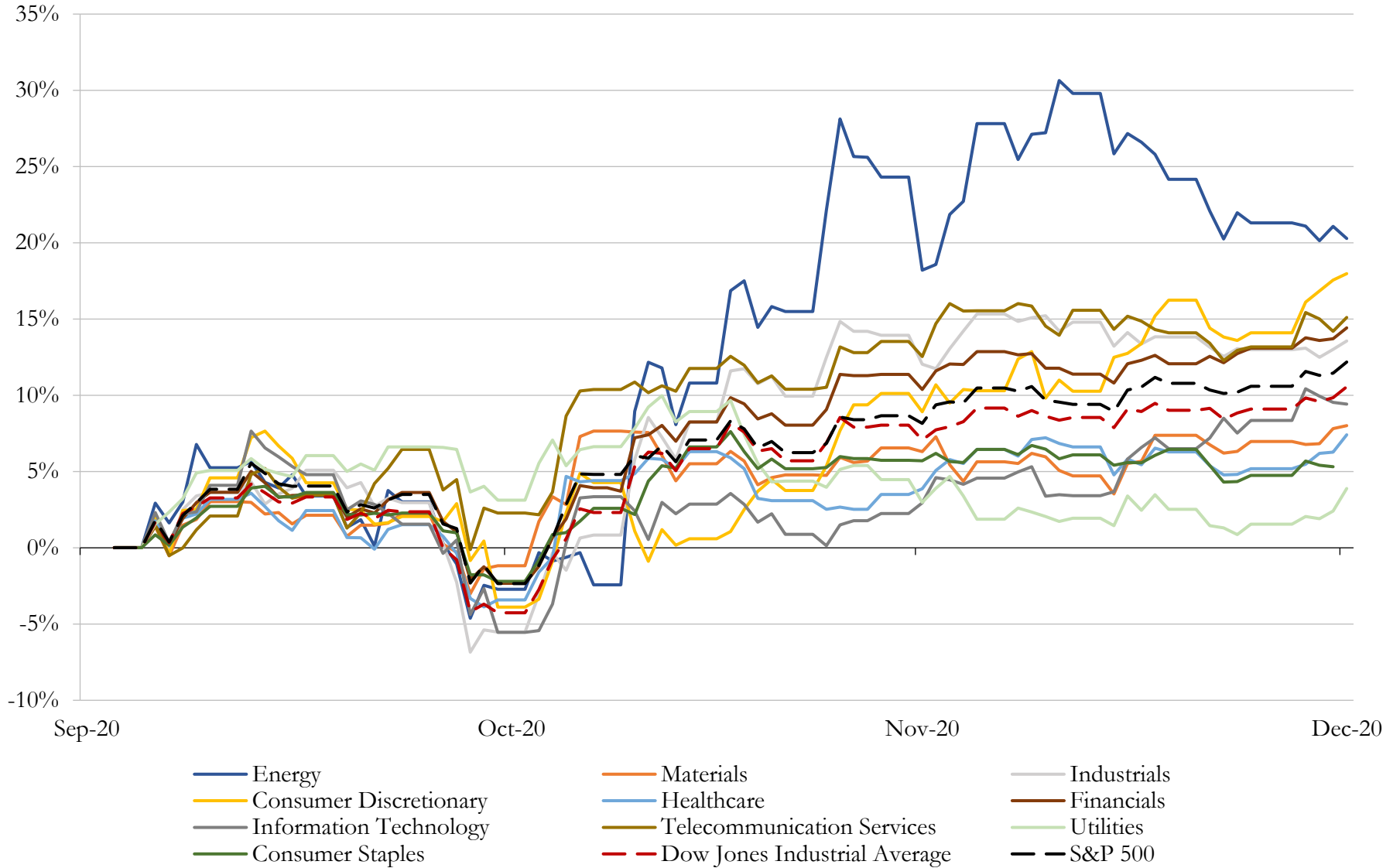
| Close Date | Target  | Acquirer                             | Implied TEV |
|------------|---|--------------------------------------|-------------|
| Mar-20     | Kosmos Cement Plant and Related Assets of Kosmos Cement Company           | Eagle Materials Inc.                 | \$665       |
| Dec-20     | Potters Borrower LP   | The Jordan Company, L.P.             | \$650       |
| Dec-20     | T.A. Industries, Inc.   | The RectorSeal Corporation           | \$360       |
| Jan-20     | Cherry Industries, Inc.   | Arcosa, Inc.                         | \$284       |
| Feb-20     | Coram Materials Inc.  | U.S. Concrete, Inc.                  | \$133       |
| Dec-20     | Arktura, LLC  | Armstrong World Industries, Inc.     | \$121       |
| Jul-20     | Turf Design Inc.  | Armstrong World Industries, Inc.     | \$118       |
| Apr-20     | Western Aggregates LLC/Mathews Readymix LLC                               | Teichert, Inc.; Hammonton Farms, LLC | \$94        |
| Jan-20     | Geneva Pipe, Inc.   | Northwest Pipe Company               | \$49        |
| Feb-20     | Substantially all assets of Redland Brick Inc.                            | Glen-Gery Corporation                | \$48        |
| Mar-20     | Kleary Masonry, Inc.  | Cornerstone Building Brands, Inc.    | \$42        |
| Oct-20     | Architectural Mailboxes, LLC  | Gibraltar Industries, Inc.           | \$27        |
| Oct-20     | Facility Located in McCook, Illinois                                      | Apogee Enterprises, Inc.             | \$25        |
| Jun-20     | Substantially All Assets Of Phase I And Phase II Operations In Dublin,    | Saint-Gobain ADFORS America, Inc.    | \$18        |
| Mar-20     | Two Hot-Mix Asphalt Plants Located In Pensacola And Defuniak Springs,     | Construction Partners, Inc.          | \$12        |
| Feb-20     | Royals Commercial Services, Inc.  | Installed Building Products, Inc.    | \$10        |
| Jan-20     | Missouri Refractories Co., Inc.   | RHI Magnesita N.V.                   | \$10        |
| Feb-20     | Hunter Insulation, Inc.   | TopBuild Corp.                       | \$9         |
| Jul-20     | Quarry segment of Americold Realty Trust                                  | N/A                                  | \$9         |
| Jul-20     | ART Quarry TRS LLC  | United States Lime & Minerals, Inc.  | \$8         |
| Feb-20     | Two Specialty Building Products Branches of Insulation Distributors, Inc. | Foundation Building Materials, Inc.  | \$9         |
| Dec-20     | Veloce Innovation Inc.  | XPEL, Inc.                           | NA          |
| Dec-20     | Bio Bidet   | Bemis Manufacturing Company, Inc.    | NA          |
| Dec-20     | Sunrise Windows & Doors, Ltd.   | MI Windows and Doors, LLC            | NA          |
| Dec-20     | Assets of McMurry Ready Mix Co.   | Knife River Corporation              | NA          |
| Dec-20     | Michel Sales Inc.   | PEDROLLO GROUP Srl                   | NA          |
| Dec-20     | Roof Mart, LLC  | Trachte Building Systems, Inc.       | NA          |
| Dec-20     | Roof Mart, LLC  | Trachte Building Systems, Inc.       | NA          |
| Dec-20     | Renewal by Andersen Corporation   | Tundraland Home Improvements         | NA          |
| Nov-20     | Profile Designs, Inc.   | Renovation Brands LLC                | NA          |

Source: Capital IQ

# 5 Change in Market Capitalization by Sector

Last Three (3) Months as of December 31, 2020

Change in Market Cap by S&P Capital IQ Sector

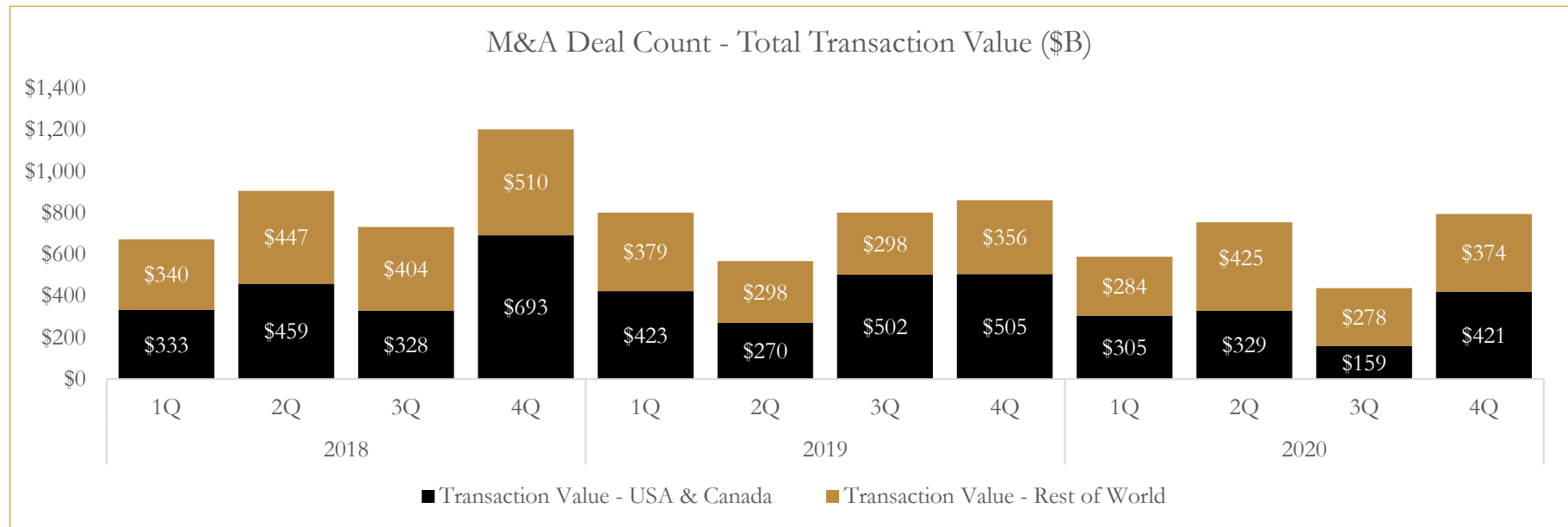
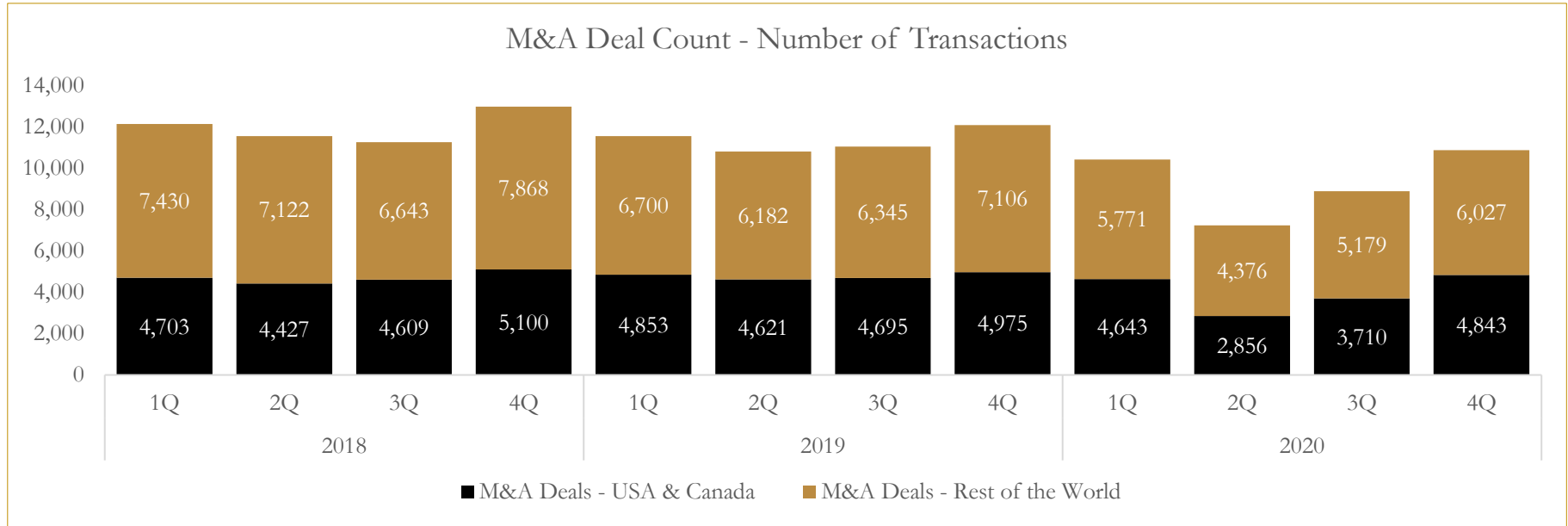




# 6

## M&A Deal Flow Statistics

Last Three (3) Years as of December 31, 2020



## About Houlihan Capital

Houlihan Capital is a leading, solutions-driven valuation, financial advisory and boutique investment banking firm. We pride ourselves on being thought leaders in an ever-changing landscape.

Houlihan Capital is SOC-compliant, a FINRA and SIPC member and committed to the highest levels of professional ethics and standards.

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We provide an array of services that include enterprise valuations, portfolio valuation, valuation of carried interest, transaction opinions, tax and financial reporting compliance, purchase price allocations, and a wide variety of consulting services through our Financial Advisory Group.

### Investment Banking

Through our Investment Banking Group, we offer sell-side/buy-side advisory and capital raises. Through our Special Situations desk, we provide services that fit outside the archetypal verticals, including liquidity solutions, transactional advisory, and secondary market advisory and trading.

### Litigation Support

Our team provides support for a wide variety of situations including commercial and shareholder disputes, derivatives and structured finance litigation, and fraudulent conveyance.

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