



Building Products Market Update

Q4 2023 - Sector Spotlight

Pockets of Optimism Despite Ongoing Uncertainty

Building Products manufacturers and distributors predict softened private sector demand in 2024 across certain segments

Non-Residential Market Update

The current outlook for non-residential focused products remains heavily dependent on market and subvertical focus. While overall project backlogs have slightly moderated in recent months, robust ongoing activity in the heavy non-residential sector bodes well for continued performance for commercial HVAC, electrical, plumbing, and roofing product suppliers.

...the majority of the growth was driven by heavy industrial demand

Total commercial construction spending increased in 2023. However, the majority of the growth was driven by heavy industrial projects. Large projects in the manufacturing, distribution and data center spaces accounted for significant portions of the overall dollar value.

Thoughts for the 4th Quarter

- Residential remodeling and repair market is seeing meaningful headwinds driven by historically low existing home sales, high borrowing costs, and COVID demand pull-forward
- Large projects in industrial and manufacturing segments are driving strong demand in certain markets, but longer-term outlook is uncertain as backlogs may be falling
- Lodging, retail and private office demand is expected to drop considerably
- Non-discretionary residential and commercial suppliers remain a hot sector for PE buyers, though new platform creation slowed in 2023 with add-on acquisitions driving the majority of transactions



Other categories, such as retail, office and hospitality continue to face significant headwinds. And while the investments required to repurpose or modernize existing structures will eventually be deployed, the timing remains well into the future.

Residential Market Update

Residential focused suppliers, specifically for discretionary products, are faced with soft demand, driven by higher borrowing costs and COVID-driven demand pull forward.

Residential focused suppliers, specifically for discretionary products, are faced with soft demand

While mortgage rates have come down from the near 8% highs reached in October 2023, they remain significantly elevated relative to the recent historically low-rate environment. The combination of affordability challenges and the reluctance of would-be sellers to let go of existing low mortgages has resulted in a sustained environment of historically low existing home sales that serve as

the primary driver of remodeling activity.

Additionally, borrowing costs have impacted the ability of existing owners to finance larger scale home improvement projects, and many smaller DIY projects were already completed during the pandemic.

Despite overall challenges, less discretionary products with break-fix dynamics such as HVAC, roofing, gutters, and garage doors have proven to be more resilient.

Industry executives remain optimistic that historically low inventory levels and the aging housing stock combined with pent up demand from younger generations of homebuyers and anticipated interest rate cuts will fuel longer-term growth for residential suppliers.

M&A Update

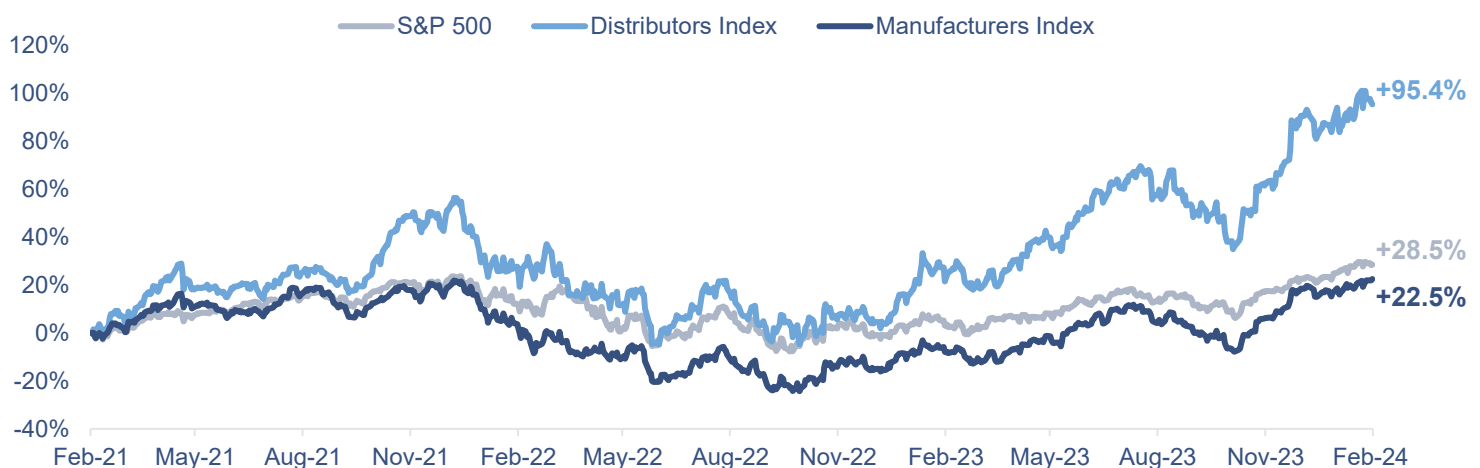
While elevated transaction financing costs slowed down new private equity platform acquisitions in 2023, add-on deal activity remained robust as well as activity from large, public acquirors. Overall, deal volume activity remained healthy for the year, only slightly down from 2022.



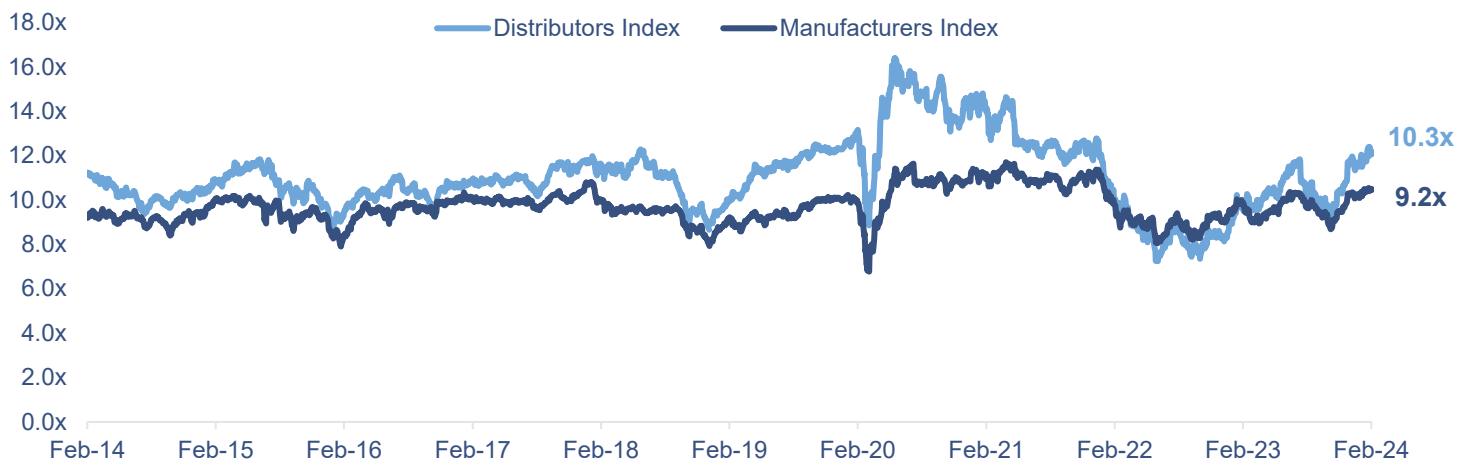
In 2024, the outlook is improving for both volume and valuations, as interest rate cuts and economic uncertainty begin to ease. However, near-term sector headwinds for independent players in certain sectors may hold activity levels flat as buyer scrutiny remains high.

Finally, the 2024 presidential election may be top of mind, as the last cycle in 2020 generated a surge in owners seeking an exit in response to the threat of higher tax rates. However, that phenomenon is unlikely to repeat, as the tax rate threat does not appear to exist this time around.

3-Year Share Price Performance¹

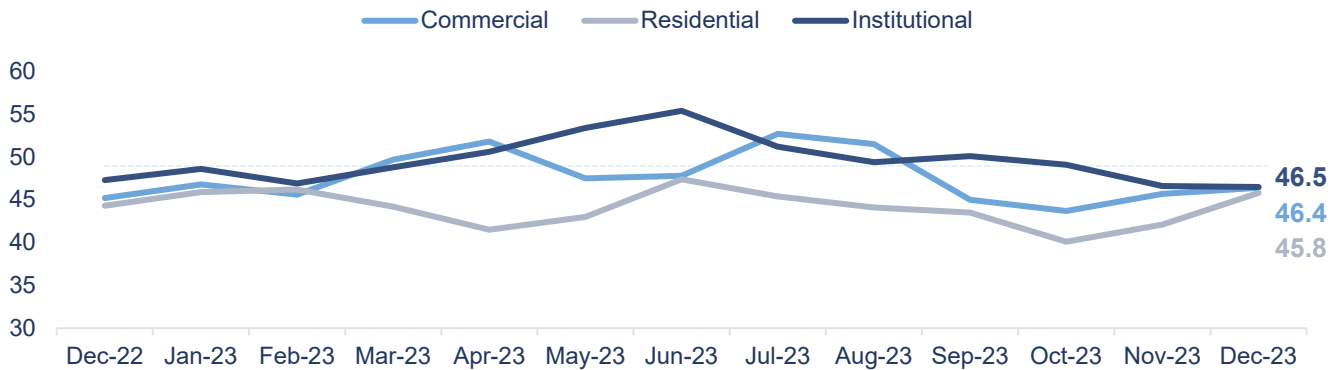


10-Year NTM EBITDA Multiples¹



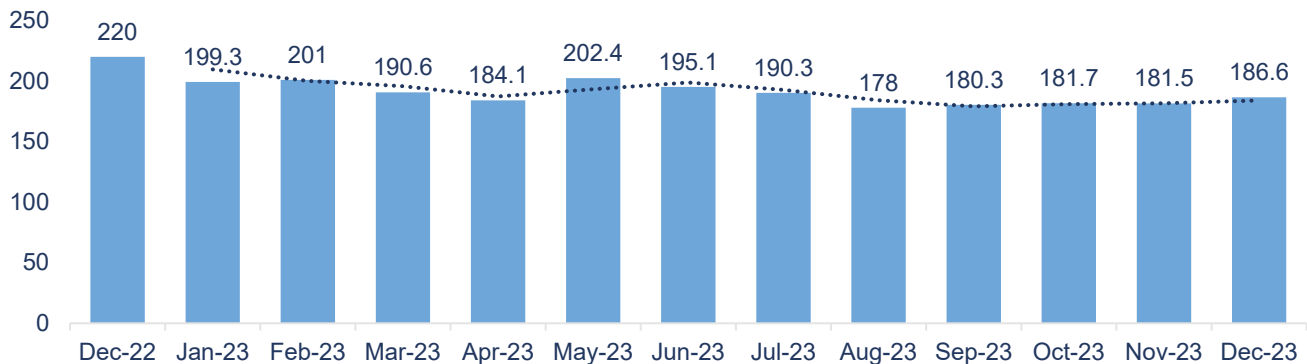
Building Products Market Leading Indicators

Architecture Billing Index (“ABI”) by Sector¹



The ABI ended the year below 50 across all sectors, signaling slowing conditions

Dodge Momentum Index (“DMI”)²



The Dodge Momentum Index (DMI) finished 2023 down 15.1% from Dec. '22 levels

Leading Indicator of Remodeling Activity (“LIRA”)³

(\$ in bn)

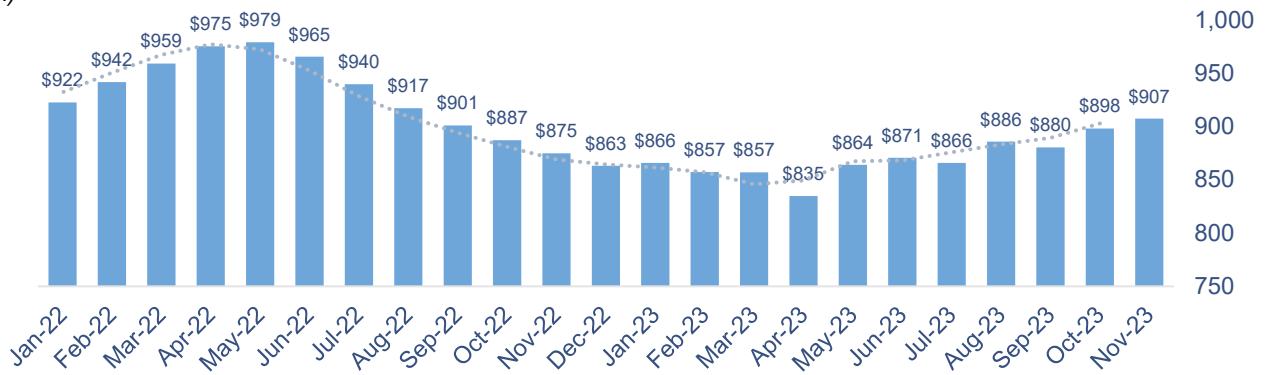


Projected declines in the remodeling space throughout 2024

Building Products End Market Performance

Residential Construction Put in Place¹

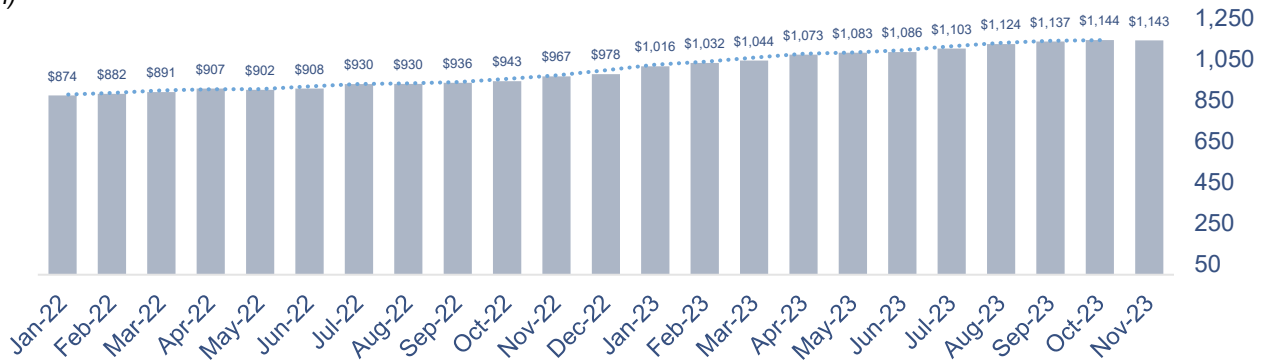
(\$ in bn)



Slowly recovering levels of housing starts are leading to increasing new residential construction

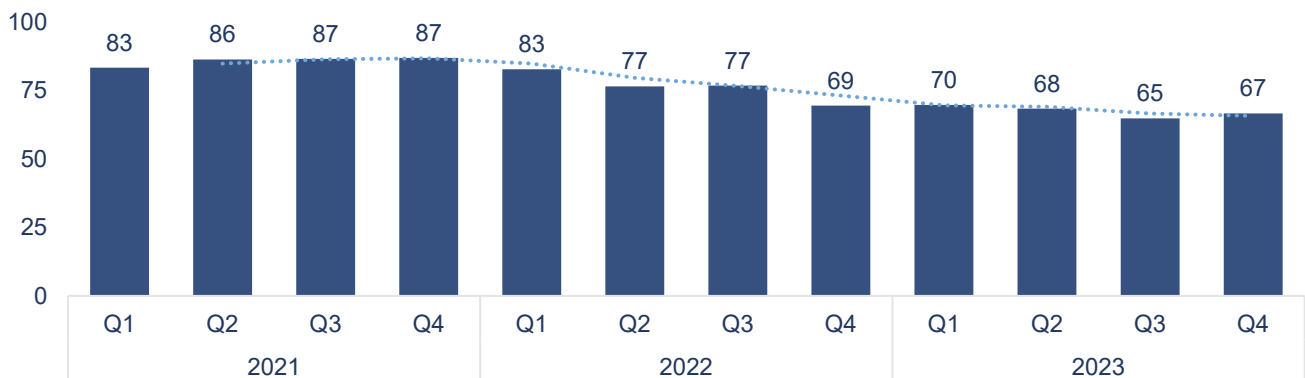
Non-Residential Construction Put in Place¹

(\$ in bn)



Overall non-residential activity has remained positive, but growth may be falling

Remodeling Market Index ("RMI")²



The RMI improved slightly from Q3, but remains depressed from highs seen in late 2021



Q4 Public Company Performance

	Q4 2023 vs Q4 2022			2023 Analyst Estimates	
Manufacturers	Sales Growth	Gross Margin	EBITDA Margin	Sales Growth	Q3 Sales Over/Under
 SHERWIN-WILLIAMS	0.41%	582 BPS	126 BPS	2.97%	↑
 James Hardie	13.65%	732 BPS	439 BPS	4.61%	↑
 Acuity Brands	(6.33%)	410 BPS	240 BPS	(1.90%)	↑
 SIMPSON Manufacturing Company	5.48%	146 BPS	(285) BPS	4.61%	↑
 Armstrong WORLD INDUSTRIES	2.56%	165 BPS	(286) BPS	2.98%	↑
 TECNOGLASS	4.44%	(923) BPS	(529) BPS	17.11%	↑
 apogee	(7.65%)	304 BPS	188 BPS	(3.33%)	↓
 American Woodmark	(15.61%)	419 BPS	275 BPS	(11.37%)	↑
 caesarstone	(21.21%)	(312) BPS	(574) BPS	(18.68%)	↓
 FGI	(22.34%)	530 BPS	(265) BPS	(27.84%)	↓
 JW JELD-WEN WINDOWS & DOORS	(23.31%)	46 BPS	27 BPS	(1.61%)	↓
 MASONITE	(2.28%)	173 BPS	12 BPS	2.23%	↓
 PGI INNOVATIONS	0.47%	148 BPS	(313) BPS	5.04%	↑
 Quanex building products	(3.92%)	514 BPS	262 BPS	(1.45%)	↑
 TYMAN PLC	(8.36%)	37 BPS	(152) BPS	(6.68%)	↑
 DAIKIN	7.52%	31 BPS	(138) BPS	6.91%	↑
 LENNOX INTERNATIONAL	5.58%	465 BPS	287 BPS	3.22%	↑
 MOHAWK INDUSTRIES, INC.	(1.45%)	232 BPS	205 BPS	(1.79%)	↑
 Tarkett	(2.23%)	514 BPS	279 BPS	1.71%	↑
 Interface	(5.11%)	212 BPS	127 BPS	(3.18%)	↓
 Trex	61.21%	1,856 BPS	1,637 BPS	(1.23%)	↑
 THE AZEK COMPANY	11.18%	1,603 BPS	1,566 BPS	3.34%	↑
 SAINT-GOBAIN	(2.07%)	72 BPS	38 BPS	(6.14%)	↑
 MASCO	(2.13%)	544 BPS	234 BPS	0.75%	↑
 Fortune Brands A home and security company	2.60%	167 BPS	(261) BPS	4.84%	↓



Q4 Public Company Performance (Cont.)

	Q4 2023 vs Q4 2022			2023 Analyst Estimates	
Manufacturers	Sales Growth	Gross Margin	EBITDA Margin	Sales Growth	Q4 Sales Over/Under
OWENS CORNING	0.83%	283 BPS	714 BPS	(0.75%)	↑
LIXIL	(0.12%)	130 BPS	102 BPS	0.89%	↓
PATRICK	(17.94%)	178 BPS	160 BPS	9.82%	↑
HOLCIM	(10.99%)	55 BPS	66 BPS	(6.58%)	↓
BHH	7.59%	102 BPS	89 BPS	5.67%	↑
Vulcan Materials Company	5.91%	598 BPS	434 BPS	1.94%	↓
Martin Marietta	16.67%	430 BPS	1,401 BPS	2.92%	↓
HEIDELBERGCEMENT	(3.04%)	260 BPS	783 BPS	0.97%	↓
CEMEX	5.24%	46 BPS	254 BPS	7.29%	↑
ADS	1.10%	505 BPS	484 BPS	(7.48%)	↑
Eagle Materials	9.26%	128 BPS	108 BPS	5.73%	↑
SUMMIT Materials	19.53%	(89) BPS	(78) BPS	75.89%	↑
Mean	0.68%	511 BPS	207 BPS	1.93%	
Distributors					
FERGUSON	(2.81%)	(28) BPS	(87) BPS	0.58%	↑
POOLCORP	(8.72%)	(210) BPS	(303) BPS	(10.06%)	↑
Builders FirstSource	(21.30%)	(10) BPS	(254) BPS	(25.30%)	↓
reece	8.84%	63 BPS	203 BPS	(1.17%)	↑
watsco	1.39%	(157) BPS	(156) BPS	6.47%	↓
SiteOne LANDSCAPE SUPPLY	8.43%	(16) BPS	(197) BPS	6.08%	↑
TopBuild	1.93%	130 BPS	128 BPS	3.79%	↑
CORE & MAIN	0.50%	(46) BPS	(89) BPS	0.61%	↓
BEACON	7.00%	(7) BPS	22 BPS	7.83%	↑
UFP INDUSTRIES	(20.35%)	75 BPS	(17) BPS	2.36%	↓
IBP	(1.76%)	350 BPS	166 BPS	2.63%	↓
COMFORT SYSTEMS USA	23.05%	208 BPS	224 BPS	25.21%	↑
GMS GYPSUM MANAGEMENT & SUPPLY, INC.	(0.70%)	(18) BPS	(180) BPS	1.63%	↑
Boise Cascade	(14.86%)	(176) BPS	(338) BPS	(18.53%)	↓
HARDWOODS SPECIALTY PRODUCTS	(15.31%)	11 BPS	(360) BPS	(16.36%)	↓
BlueLink America's Building Products Distributor	(23.64%)	(66) BPS	(343) BPS	(28.35%)	↓
Mean	(3.65%)	6 BPS	(99) BPS	(2.66%)	



Public Building Products Manufacturers & Distributors

(\$ in millions, except per share data)

	Stock	% of 52	Equity	Enterprise	2023E Growth		2023E Margin		EV / EBITDA		Price / EPS		Net Debt /
	Price	Week High	Value	Value	Revenue	EBITDA	Gross	EBITDA	LTM	NTM	LTM	NTM	LTM EBITDA
Specialty Building Products													
The Sherwin-Williams Company	\$321	99.3%	\$81,129	\$92,662	3.9%	19.4%	45.7%	18.6%	18.8x	20.5x	34.8x	28.3x	2.7x
James Hardie Industries plc	38	63.3%	16,544	17,298	4.7%	(1.4%)	25.9%	25.4%	16.4	14.7	33.2	22.4	0.7
Acuity Brands, Inc.	242	3.3%	7,395	7,477	(1.1%)	8.9%	43.4%	16.6%	11.8	12.0	21.0	16.8	0.1
Simpson Manufacturing Co., Inc.	195	2.3%	8,331	8,437	3.7%	5.3%	47.7%	26.4%	14.8	14.9	24.2	23.1	0.2
Armstrong World Industries, Inc.	121	2.3%	5,285	5,857	4.5%	37.1%	37.8%	32.9%	13.4	12.8	24.5	21.3	1.7
Tecnoglass Inc.	44	2.1%	2,100	2,152	17.1%	20.8%	47.2%	36.3%	6.8	7.1	10.7	11.5	0.2
Apogee Enterprises, Inc.	55	4.5%	1,208	1,326	9.8%	14.8%	23.4%	11.7%	6.8	7.8	11.9	13.2	0.7
American Woodmark Corporation	95	6.2%	1,519	1,896	11.1%	86.3%	16.4%	11.0%	7.0	7.6	14.0	11.2	1.5
Caesarstone Ltd.	4	2.9%	137	175	(18.7%)	(122.7%)	17.2%	(2.0%)	12.6	NA	NM	NM	-2.1
FGI Industries Ltd.	2	10.5%	15	33	(27.8%)	(55.1%)	26.8%	2.0%	2.9	9.5	18.5	7.8	8.0
Mean	\$112	19.7%	\$12,366	\$13,731	0.7%	1.3%	33.1%	17.9%	11.1x	11.9x	21.4x	17.3x	1.4x
Median	\$75	3.9%	\$3,693	\$4,005	4.2%	11.9%	32.3%	17.6%	12.2x	12.0x	21.0x	16.8x	0.7x
Windows & Doors													
JELD-WEN Holding, Inc.	\$18	90.1%	\$1,550	\$2,642	(3.9%)	40.7%	19.7%	8.6%	7.3x	6.7x	63.4x	10.7x	3.6x
Masonite International Corporation	130	99.4%	2,839	3,986	(2.2%)	(0.1%)	23.3%	14.8%	9.0	9.0	24.6	15.2	2.9
PGT Innovations, Inc.	42	99.0%	2,424	3,138	0.6%	17.7%	39.2%	18.4%	11.0	10.7	22.8	17.4	2.8
Quanex Building Products Corporation	34	96.2%	1,116	1,174	(7.8%)	0.4%	24.1%	13.6%	7.4	8.0	13.5	14.5	0.4
Tyman plc	4	116.8%	736	948	(1.3%)	2.4%	31.1%	15.5%	7.2	7.2	15.9	10.6	2.2
Mean	\$45	100.3%	\$1,733	\$2,378	(2.9%)	12.2%	27.5%	14.2%	8.4x	8.3x	28.0x	13.7x	2.4x
Median	\$34	99.0%	\$1,550	\$2,642	(2.2%)	2.4%	24.1%	14.8%	7.4x	8.0x	22.8x	14.5x	2.8x
HVAC													
Daikin Industries,Ltd.	\$142	0.5%	\$41,433	\$42,801	14.1%	4.3%	33.6%	13.6%	11.0x	10.3x	25.7x	22.4x	0.0x
Lennox International Inc.	457	98.8%	16,254	17,712	4.4%	26.1%	30.7%	18.7%	17.2	17.4	27.8	23.3	1.6
Mean	\$299	49.6%	\$28,843	\$30,256	9.3%	15.2%	32.1%	16.2%	14.1x	13.9x	26.7x	22.8x	0.8x
Median	\$299	49.6%	\$28,843	\$30,256	9.3%	15.2%	32.1%	16.2%	14.1x	13.9x	26.7x	22.8x	0.8x
Flooring													
Mohawk Industries, Inc.	\$114	96.3%	\$7,255	\$9,763	(5.5%)	(15.5%)	25.3%	12.8%	6.8x	6.9x	NM	12.0x	2.0x
Tarkett S.A.	11	83.0%	689	1,288	4.6%	64.6%	0.0%	8.0%	4.7	4.3	31.4	11.2	2.7
Interface, Inc.	13	95.4%	764	1,173	(3.2%)	(12.2%)	34.4%	11.6%	7.2	8.3	NM	16.1	2.9
Mean	\$46	91.5%	\$2,903	\$4,075	(1.4%)	12.3%	19.9%	10.8%	6.2x	6.5x	31.4x	13.1x	2.6x
Median	\$13	95.4%	\$764	\$1,288	(3.2%)	(12.2%)	25.3%	11.6%	6.8x	6.9x	31.4x	12.0x	2.7x
Decking													
Trex Company, Inc.	\$94	98.9%	\$10,156	\$10,235	(1.2%)	5.0%	40.9%	29.4%	30.6x	28.6x	52.7x	44.3x	0.2x
The AZEK Company Inc.	46	98.5%	6,779	7,186	(0.4%)	11.5%	30.8%	20.6%	23.3	19.4	59.3	39.5	1.3
Mean	\$70	98.7%	\$8,468	\$8,711	(0.8%)	8.2%	35.9%	25.0%	26.9x	24.0x	56.0x	41.9x	0.8x
Median	\$70	98.7%	\$8,468	\$8,711	(0.8%)	8.2%	35.9%	25.0%	26.9x	24.0x	56.0x	41.9x	0.8x



Public Building Products Manufacturers & Distributors (Cont.)

(\$ in millions, except per share data)

	Stock	% of 52	Equity	Enterprise	2023E Growth		2023E Margin		EV / EBITDA		Price / EPS		Net Debt /
	Price	Week High	Value	Value	Revenue	EBITDA	Gross	EBITDA	LTM	NTM	LTM	NTM	LTM EBITDA
Diversified Building Products													
Compagnie de Saint-Gobain S.A.	\$8	15.3%	\$38,387	\$48,511	(2.9%)	12.3%	26.1%	14.7%	6.1x	NA	NA	NA	1.5x
Masco Corporation	74	97.3%	16,335	19,193	(9.3%)	(2.7%)	34.4%	18.4%	12.0	12.5	18.6	18.1	1.7
Hayward Holdings, Inc.	13	83.4%	2,712	3,634	(25.1%)	(29.7%)	47.8%	25.1%	16.0	14.1	42.4	21.5	4.3
Fortune Brands Innovations, Inc.	-	N/A	10,147	12,451	(1.5%)	(3.1%)	41.2%	19.6%	14.9	NA	0.0	0.0	2.8
Owens Corning	145	90.3%	12,584	14,286	(1.4%)	1.1%	27.4%	23.9%	6.3	6.5	11.2	10.6	0.8
LIXIL Corporation	27	61.9%	3,742	7,453	(4.2%)	(29.1%)	31.2%	7.4%	10.5	NA	NA	NA	NA
Patrick Industries, Inc.	114	98.8%	2,521	3,716	(29.0%)	(33.2%)	22.4%	12.1%	8.1	7.7	17.6	14.2	3.0
Mean	\$54	74.5%	\$12,347	\$15,606	(10.5%)	(12.1%)	32.9%	17.3%	10.6x	10.2x	18.0x	12.9x	2.3x
Median	\$27	86.8%	\$10,147	\$12,451	(4.2%)	(3.1%)	31.2%	18.4%	10.5x	10.1x	17.6x	14.2x	2.2x
Construction Materials													
Holcim Ltd	\$10	11.9%	\$45,348	\$59,042	2.6%	35.3%	50.4%	23.9%	9.1x	NA	NA	NA	2.5x
CRH plc	78	98.4%	53,691	61,285	9.4%	13.7%	33.7%	17.9%	10.3	9.4	20.5	16.4	1.2
Vulcan Materials Company	257	0.8%	34,140	37,695	6.1%	23.7%	24.2%	25.6%	17.6	16.8	36.4	30.1	1.8
Martin Marietta Materials, Inc.	548	1.6%	33,880	36,954	18.9%	32.7%	29.4%	31.0%	17.4	16.4	28.4	25.8	1.4
HeidelbergCement AG	10	18.1%	17,200	25,733	4.3%	40.8%	48.1%	19.9%	5.9	NA	NA	NA	0.0
CombinedX AB (publ)	4	5.8%	73	71	22.0%	91.4%	0.0%	14.8%	6.3	5.6x	5.6x	5.6x	0.0
Advanced Drainage Systems, Inc.	164	1.3%	12,696	13,481	9.2%	52.0%	37.2%	28.9%	15.3	14.1	26.1	25.0	0.9
Eagle Materials Inc.	250	2.9%	8,596	9,608	14.4%	24.9%	29.4%	35.3%	11.5	10.8	17.6	15.8	1.3
Summit Materials, Inc.	42	0.6%	7,284	9,267	(1.1%)	20.0%	31.2%	23.8%	15.2	9.4	17.7	20.4	3.6
Mean	\$151	15.7%	\$23,657	\$28,126	9.5%	37.2%	31.5%	24.6%	12.1x	11.8x	21.7x	19.9x	1.4x
Median	\$78	2.9%	\$17,200	\$25,733	9.2%	32.7%	31.2%	23.9%	11.5x	10.8x	20.5x	20.4x	1.3x
Distributors													
Ferguson plc	\$207	99.5%	\$42,040	\$46,560	3.9%	(2.3%)	30.2%	10.2%	13.2x	15.0x	23.6x	20.6x	1.5x
Pool Corporation	379	93.2%	14,662	15,960	(10.8%)	(26.1%)	30.0%	14.5%	17.9	19.7	29.0	27.6	1.7
Builders FirstSource, Inc.	188	96.8%	22,970	26,617	(25.0%)	(34.8%)	34.5%	16.4%	9.1	10.2	15.8	14.3	1.3
Reece Limited	16	64.8%	10,083	11,123	14.0%	10.6%	0.0%	10.9%	17.7	19.0	40.2	44.5	1.3
Watsco, Inc.	383	88.5%	14,148	14,717	0.3%	1.4%	27.8%	11.9%	15.6	16.6	28.2	26.6	0.2
SiteOne Landscape Supply, Inc.	165	93.8%	7,458	8,229	6.4%	(13.5%)	34.6%	9.5%	17.3	18.9	44.1	38.1	2.1
TopBuild Corp.	405	97.8%	12,799	13,839	4.2%	12.9%	30.6%	20.1%	12.6	13.0	21.4	20.0	1.0
Core & Main, Inc.	46	98.9%	8,668	10,648	N/A	N/A	26.9%	13.9%	11	11.9	22	20.2	1.7
Beacon Roofing Supply, Inc.	86	96.1%	5,443	8,376	7.5%	3.1%	25.7%	10.2%	8.5	8.9	NM	11	3.4
UFP Industries, Inc.	111	86.6%	6,883	6,006	(23.7%)	(24.8%)	19.6%	11.0%	7.7	7.7	13.9	14.5	-1.1
Installed Building Products, Inc.	223	94.2%	6,291	6,859	3.0%	10.7%	33.1%	17.3%	13.6	13.4	27.2	20.2	1.2
Comfort Systems USA, Inc.	248	84.8%	8,816	8,868	26.7%	48.3%	18.6%	9.2%	15.3	15.9	31.0	25.1	0.1
GMS Inc.	89	97.3%	3,545	4,731	14.9%	16.8%	32.3%	12.3%	6.9	8.1	12.3	11.1	2.0
Boise Cascade Company	127	88.1%	5,003	4,595	(20.0%)	(39.6%)	20.8%	11.2%	5.8	6.5	10.7	11.7	(0.5)
ADENTRA Inc.	26	71.1%	582	1,176	(12.6%)	(34.6%)	20.7%	7.9%	7.4	6.8	14.5	14.6	4.8
BlueLinx Holdings Inc.	116	92.9%	999	1,095	(29.8%)	(62.3%)	16.6%	5.6%	6.4	7.4	21.9	14.6	0.6
Mean	\$176	90.3%	\$10,649	\$11,837	(2.7%)	(8.9%)	25.1%	12.0%	11.6x	12.4x	23.7x	20.9x	1.3x
Median	\$146	93.5%	\$8,063	\$8,622	3.0%	(2.3%)	27.3%	11.1%	11.8x	12.4x	22.2x	20.1x	1.3x

Industry Takeaways

Industry Performance & 2024 Outlook

“Looking ahead to calendar '24, most industry forecasts call for deceleration in non-residential construction. Higher interest rates, tighter lending standards and increased costs have been putting pressure on commercial construction. We have seen that slowing show up in our short-cycle Framing business this quarter and expect some pressure in parts of that business as we go into fiscal '25. However, we still expect commercial construction growth rates in the low-single-digits overall in calendar '24.” – **Ty Silberhorn, CEO, Apogee Enterprises**



“As we enter 2024, we are starting to see signs that we may be reaching the demand trough. The consumer and trend data indicates growth should return in the not distant future. The need and desire for homes remains incredibly strong, and our products are optimally positioned in the context of the larger macro environment. As is well understood, the U.S. continues to be massively underbuilt with many first-time and existing home buyers waiting on the sidelines eager to reenter or enter the market when rates normalize.” – **Nicholas Fink, CEO, Fortune Brands**

“While 2023 clearly saw a reduction in demand, we believe that our markets will stabilize in 2024 and return to typical growth rates in 2025 and 2026. Structural factors are supportive of increased repair and remodel activity in several ways. Many homeowners have taken advantage of low mortgage rates and are likely to remain in their homes longer. 1.7 million more homes will reach the prime remodeling ages of 20 to 39 years old over the next 3 years and home equity levels remain high.” – **Keith Allman, CEO, Masco Corporation**



“On the architectural side, U.S. New Residential sentiment has improved. Single-family starts have been up year-over-year for six consecutive months. Mortgage rates are expected to begin moderating but will remain well above historic levels. In residential repaint, existing home sales drove a portion of our sales and have declined year-over-year for 28 straight months. The trajectory of recovery is not clear here, and the LIRA index is forecasting negative remodeling spend in 2024. However, there are numerous other drivers for repaint, and our investments and our model give us confidence that we will continue to grow share.” – **Heidi Petz, CEO, Sherwin-Williams**

“While 2023 U.S. housing starts finished below 2022 levels, we still believe this is an attractive market, given the estimated shortage of approximately 2 million homes in the U.S. following more than a decade of underbuilding, coupled with modestly improved outlook for 2024.” – **Michael Olosky, CEO, Simpson Manufacturing**





Industry Takeaways (Cont.)

Inflation

“If there are 2 key themes that define our markets in 2023, they were inflation and interest rates, which negatively impacted end consumers' desire to finance their purchases of houses while also increasing floor plan lending rates and limiting dealers' willingness to hold excess inventory across our markets.” – **Jeffrey Rodino, President, Patrick Industries**



“Across the other sectors of non-res construction, much of that market growth has been driven by inflation related pricing rather than volumes. This mirrors what we've seen in our own business over the past several quarters” - **Ty Silberhorn, CEO, President & Director, Apogee Enterprises**

“The hardware and lighting businesses were impacted by market softness in 2023. No question about it. We've talked consistently about it. Both took pricing and cost actions to offset the inflation they experienced, partially offset the volume loss in '23. In '24, I'd expect these businesses to perform more in line with how we're seeing the overall R&R market, which is flat to down low single digits.” – **Keith Allman, CEO, Masco Corporation**



M&A



“It's organic first. We've got so many initiatives around resin, recycling, productivity, innovation. So we're going to do that to the full extent we can and do it well and need to execute on those really, really well. Then from there, it's acquisitions.” – **Scott Cottrill, CFO, Advanced Drainage Systems, Inc.**

“Lennox has been very clear that if there is an industry consolidation opportunity, Lennox will like to participate. And we have specifically named out companies that we would like to participate if that came up. So let me just confirm that, that view has not changed. We still believe that if there's an opportunity that Lennox would be a participant in that.” – **Alok Maskara, CEO, Lennox**





Notable Recent Transactions

(\$ in millions, except per share data)				Enterprise	EV / LTM	
Date	Target Name	Description	Acquiror Name	Value	Revenue	EBITDA
Feb-24	Signature Systems	Designer, manufacturer and distributor of temporary flooring and fencing products intended for worksite safety and ground protection.	Myers Industries	\$350	2.9x	8.0x
Feb-24	Masonite (NYS: DOOR)	Manufacturer of doors intended for construction, repair, renovation, and remodeling sectors of the residential and non-residential building construction markets.	Owens Corning	\$3,900	1.4x	11.6x
Feb-24	Watson Metals	Manufacturer of metal roofing products intended for residential, agricultural, commercial, and industrial customers.	CID Capital, Georgia Metals	-	-	-
Feb-24	Midwest Glass Fabricators	Manufacturer of glass and metal fabrication products intended for commercial and consumer architectural sectors.	KPS Capital Partners, Oldcastle Building Envelope	-	-	-
Feb-24	Old Mission Windows	Distributor of windows and doors intended to serve residential homebuilders and contractors throughout northern Michigan.	Bain Capital, US LBM Holdings	-	-	-
Feb-24	Discovery Door	Distributor of architectural hardware and security systems intended to serve the biotech, higher education, hospitality, healthcare, and retail markets on the West Coast.	Littlejohn & Co., The Cook & Boardman Group	-	-	-
Feb-24	JLM Wholesale	Distributor of commercial door hardware intended for the glass industry.	Dominus Capital, Lockmasters	-	-	-
Jan-24	Portage Lumber	Distributor of lumber and hardware products catering to the building material, hardware, and home decor industries.	Bliffert Lumber & Hardware	-	-	-
Jan-24	Russell Plywood	Distributor of veneer products catering to cabinet manufacturers, organizing companies and retailers in the northeastern United States market.	Wurth Baer Supply	-	-	-
Jan-24	Economy Lumber	Provider of building materials and services based in Campbell, California.	Haywardlumber	-	-	-
Jan-24	PGT Innovations (NYS: PGTI)	Manufacturer of impact-resistant windows and doors intended to meet the needs of the market while keeping families and businesses more secure.	Koch Equity Development, MI Windows and Doors	\$3,100	2.1x	12.8x
Jan-24	Albert Frei & Sons	Supplier and distributor of material for the construction catering to commercial, industrial and residential projects.	Martin Marietta	-	-	-
Jan-24	Helix Steel	Manufacturer of twisted steel micro rebar intended to build concrete reinforcement technology to stand up to both natural and manmade disasters such as tornadoes, earthquakes, and blasts.	PNC Riverarch Capital, Forta Corporation	-	-	-
Jan-24	International Concrete Products	Provider of architectural precast concrete products.	Mid-States Concrete Industries	-	-	-
Jan-24	RedBuilt	Manufacturer of proprietary engineered structural wood products intended for commercial and industrial applications.	Hampton Lumber Sales Company	-	-	-
Jan-24	HK Composites	Manufacturer of insulated concrete sandwich panels catering to the construction industry.	Dayton Superior	-	-	-
Jan-24	Robbins Sports Surfaces	Manufacturer of indoor sports surfaces intended to serve sports communities, fitness markets and commercial and residential sectors.	L2 Capital Partners	-	-	-
Jan-24	West Coast Insulated Glass Products	Manufacturer of architectural glass products intended for windows and door manufacturers.	Agnora, Kensington Capital Partners	-	-	-
Jan-24	Gross-Yowell	Supplier of lumber intended to serve professional contractors and remodelers in the Central Texas area.	Court Square(Christopher Porter), Kodiak Building Partners(Steve Swinney)	-	-	-
Dec-23	Distributor Service	Manufacturer of architectural wood and specialized building products for the woodworking industry.	Hood Industries(Jay Galloway)	-	-	-
Dec-23	Kamco Supply	Supplier of commercial and residential building materials based out of New York.	Gypsum Management & Supply	\$317	1.3x	-
Dec-23	Trimco Millwork	Distributor of molding, exterior doors, interior doors and other specialty building products based in Boise, Idaho.	Woodgrain Millwork	-	-	-



Notable Recent Transactions (Cont.)

(\$ in millions, except per share data)				Enterprise	EV / LTM	
Date	Target Name	Description	Acquiror Name	Value	Revenue	EBITDA
Dec-23	Associated Asphalt	Manufacturer of liquid asphalt to the paving industry in the Mid-Atlantic United States.	Ergon Asphalt & Emulsions	-	-	-
Dec-23	Encore Building Products	Distributor and retailer of lumber, flooring, and other building materials with an initial core market in Northwest Arkansas, Oklahoma, Missouri, and Kansas.	Builders Firstsource	-	-	-
Dec-23	Viking Products Group	Supplier of commercial roofing products intended for contractors and distribution networks.	Bitec	-	-	-
Dec-23	Coastal Precast of Florida	Manufacturer and distributor of sewer pipe and various precast concrete products intended to serve throughout the state of Florida.	Foley Products, Oaktree Capital Management	-	-	-
Dec-23	Galleher	Distributor of custom flooring products intended for the residential and commercial sectors.	Transom Capital Group	\$88	-	-
Dec-23	Component Manufacturing	Manufacturer of wooden trusses based in Sioux Falls, South Dakota.	Mead Lumber	-	-	-
Dec-23	Ideal Steel	Manufacturer of pre-engineered metal buildings and components catering to the construction industry.	Ambassador Supply	-	-	-
Dec-23	Halverson Flooring	Provider of residential and commercial flooring products and solutions intended for both residential and commercial projects.	Macco's Floor Covering Center	-	-	-
Dec-23	Cox Interior	Manufacturer and distributor of milled building products in Campbellsville, Kentucky.	5M Ventures	\$70	1.0x	-
Dec-23	Holderness Supplies	Manufacturer and supplier of roof truss and lumber products intended to serve Tucson and the state of Arizona.	Bain Capital, US LBM Holdings	-	-	-
Dec-23	ZyTech Building Systems	Designer and manufacturer of structural building components intended for professional builders across the Fort Worth area.	Bain Capital, US LBM Holdings	-	-	-
Nov-23	Mesa Garage Doors	Manufacturer of and supplier of garage doors based in Anaheim, California.	Here To Serve Holding	-	-	-
Nov-23	Integrated Openings Solutions	Distributor of commercial door opening and access control devices.	Frontenac Company	-	-	-
Nov-23	Advanced Infrastructure Technologies	Supplier and provider of advanced composite materials and infrastructure intended to transform the bridge industry.	C Change Group	-	-	-
Nov-23	International Designs Group	Distributor of high-end stone and tile materials intended for the kitchen and bath industry.	The Home Depot	-	-	-
Nov-23	Rock Materials	Supplier of building materials intended to serve the residential and commercial building industry.	Leonard Green & Partners, SRS Distribution	-	-	-
Nov-23	Fenceworks	Provider of fencing products intended to serve single-family homebuilders, commercial customers, and local fencing providers.	Gemspring Capital, Harvey & Company	-	-	-
Nov-23	John S. Wilson	Distributor of building materials catering to the builders and contractors.	ABC Supply Company	-	-	-
Nov-23	Metal Deck Direct	Manufacturer and supplier of metal decking products intended to serve the construction industry.	Capital Funding Group, Farragut Capital Partners, Slate Capital Group, O'Donnell Metal Deck	-	-	-
Nov-23	Corpus Christi Sand & Gravel	Manufacturer of building materials catering to the construction industry.	Jarco Readymix	-	-	-
Nov-23	Contractors Building Supply	Provider of building products intended for professional contractors, Union County homeowners and builders.	The Building Centre	-	-	-
Mean				\$1,304	1.7x	10.8x
Median				\$334	1.4x	11.6x



CASCADIA

Cascadia Capital

Building Products Investment Banking Team

Sub-vertical
Industry Expertise



Customized
Approach



Proven Results

Cascadia Overview

80+

Investment Banking
Professionals

495+

Transactions
Completed

\$16+

\$16+ Billion in Total
M&A Transactions
Closed

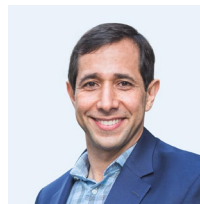
Sector Overview

Building Products Manufacturing & Distribution

- Interior & Exterior Products
- Infrastructure & Construction Materials
- Paint & Coatings
- Electrical, HVAC & Lighting

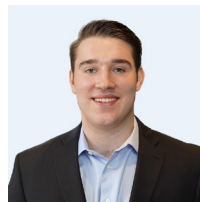
ATLANTA
AUSTIN
LOS ANGELES
MINNEAPOLIS
NASHVILLE
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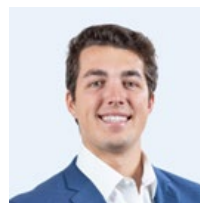
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