

A photograph of a construction site under a blue sky with white clouds. In the foreground, a large yellow tower crane stands next to a building under construction. The building is partially covered in blue safety netting with a red and white striped border. In the background, another building is visible, also under construction, with green safety netting. The overall scene is one of active construction.

DUFF & PHELPS

A **KROLL** BUSINESS

Building Products and Materials Industry Insights

Q4 2021

HIGHLIGHTS

During October 2021 year-to-date (YTD), the housing market witnessed a decline in home sales, record high home prices and a record low inventory of existing homes available for sale.

New home sales decreased 23.1% in October 2021 YTD, while existing home sales declined by 5.8% mostly due to inflated costs for building, land shortages and labor shortages.

Building permits and housing starts posted gains of 3.4% and 0.4%, respectively, in October YTD. Permits for housing starts increased 4.0% in October 2021 over the previous month to a rate of 1.65 million units.

Multi-family starts drove most of the housing start increase, rising 28.0% in October 2021 YTD, while single-family starts were down 6.3% in October 2021 YTD.

Remodeling activity is set to accelerate in the fourth quarter of 2021 and remains elevated through mid 2022. Spending for improvements and repairs to owner-occupied homes increased 6% from the beginning of 2021 and is forecasted to grow 12% in 2022.

Strong demand and low inventory levels drove home prices higher in 2021, with all cities in the 20-City Index notching gains on a year-over-year (YoY) basis.

The Canadian housing market saw similar gains as the U.S. market, driven by low mortgage rates and a shift into larger homes to ride out the COVID-19 pandemic.

Stock market indexes for building materials manufacturers, building products distributors, and lumber and wood product manufacturers have outperformed the S&P 500 over the past 12 months, reflecting investor confidence in the near-term future of the industry.

OCTOBER 2021 YTD BY THE NUMBERS



23.1% decrease in new home sales

3.4% and 0.4% increase in building permits and housing starts, respectively

Record-low 2.4 month supply of existing homes

19.8% YoY increase in the U.S. National Home Price Index

65.8% increase in building products and materials M&A activity

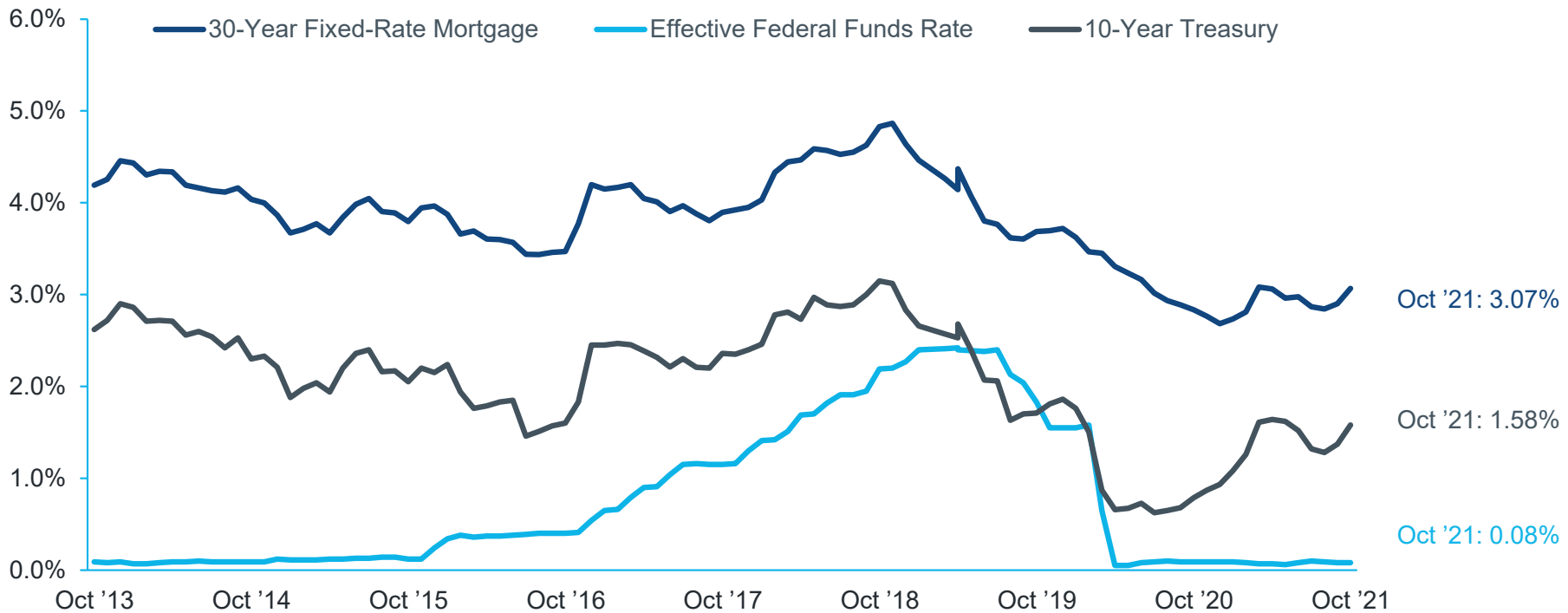
TABLE OF CONTENTS

- 4** Housing Indicators
- 6** Housing Starts in the Second Half of 2021
- 8** Building Permits in the Second Half of 2021
- 10** Home Sales and Inventory
- 12** U.S. Home Prices Continue to Rise
- 14** Busy Remodeling Activity in 2021 Likely to Continue in 2022
- 15** Nonresidential Construction Activity Weakened
- 16** Canadian Building Market—Permits and Starts
- 18** Canadian Housing Market—Existing Prices
- 19** Stock Prices Signaling Investor Confidence
- 20** Public Companies' Trading Statistics
- 23** 2H 2021 M&A Activity Experiences Increase from 2H 2020
- 24** Notable M&A Activity—2H 2021
- 31** Building Products Case Study: Pro-Fab Group, Inc

HOUSING INDICATORS

The 30-year mortgage rate set record lows during the COVID-19 pandemic, averaging 2.74% in January 2021. Mortgage rates and the yield on the 10-year Treasury move in tandem, and both were affected by the decline in the federal funds rate. In February 2021, mortgage rates reversed the downward trend amid signs of economic recovery from the pandemic and have kept rising since. In the face of soaring inflation, the Fed has indicated that it expects to raise short term rates even as concerns over COVID-19 variants raise doubts about future economic recovery.

Key Interest Rates



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

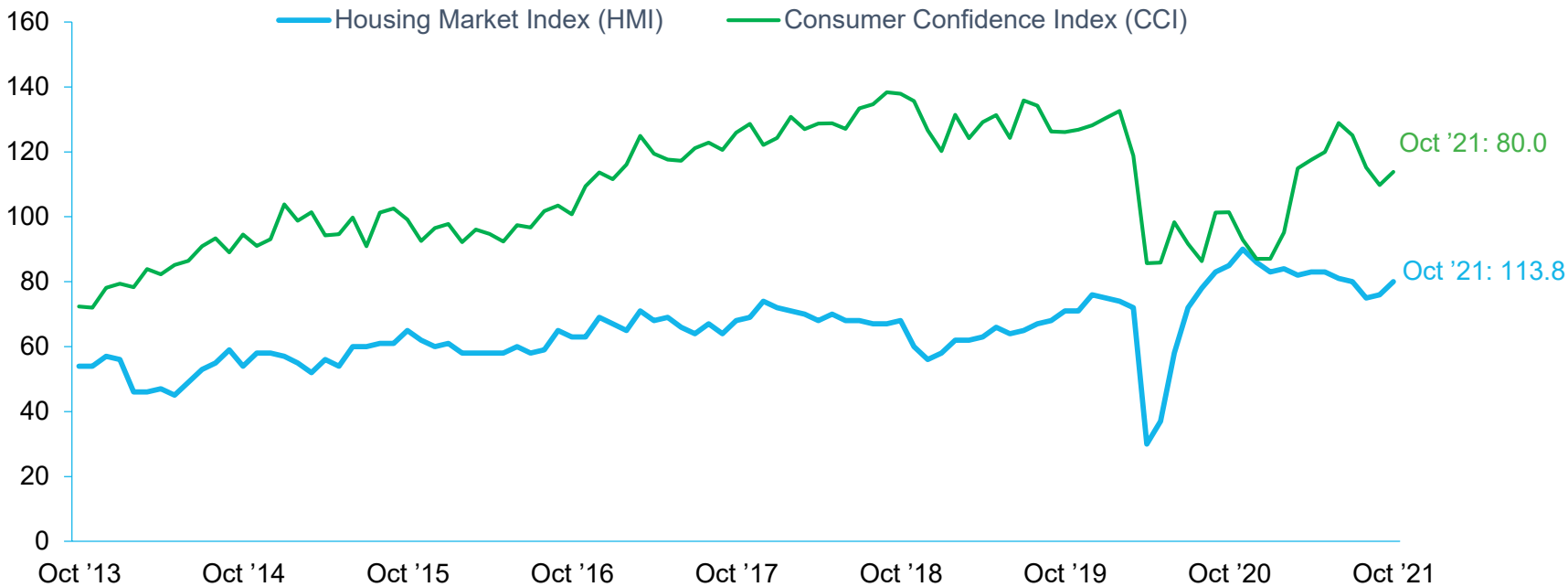
HOUSING INDICATORS

In April 2020, the Consumer Confidence Index (CCI) hit a record low as a result of the COVID-19 pandemic. Negative trends in consumption emerged as businesses shut down and consumer spending dropped. Beginning in January 2021, the CCI rebounded as vaccine deliveries increased and consumers became cautiously optimistic about the economic outlook for the coming months. Starting July 2021, the U.S. consumer confidence experienced a decline caused by the resurgence of COVID-19 cases driven by the delta variant and fears of inflation. After 3 months of decline, consumer confidence bounced back in October 2021 with a 3.6% increase over the previous month.

The Housing Market Index (HMI), a measure of builder confidence, drastically declined in 2020 and rebounded in 2021. The HMI experienced approximately a 12% YoY increase in October 2021, attributable to higher buyer demand and a solid market for home building.

Key Housing Indicators

October 2021 Actual: 113.8 | YoY Δ: 12.2% | MoM Δ: 3.6%



¹Index values greater than 50 indicate a positive view by builders

Seasonally Adjusted HMI
CCI Indexed to 1985

Sources: The Conference Board, National Association of Home Builders

HOUSING STARTS IN THE SECOND HALF OF 2021

In April 2020, U.S. housing starts dropped to a five-year low mostly due to enforced lockdown orders during the coronavirus crisis. In mid 2020, housing starts jumped back as some states reopened and kept rising through the end of 2020.

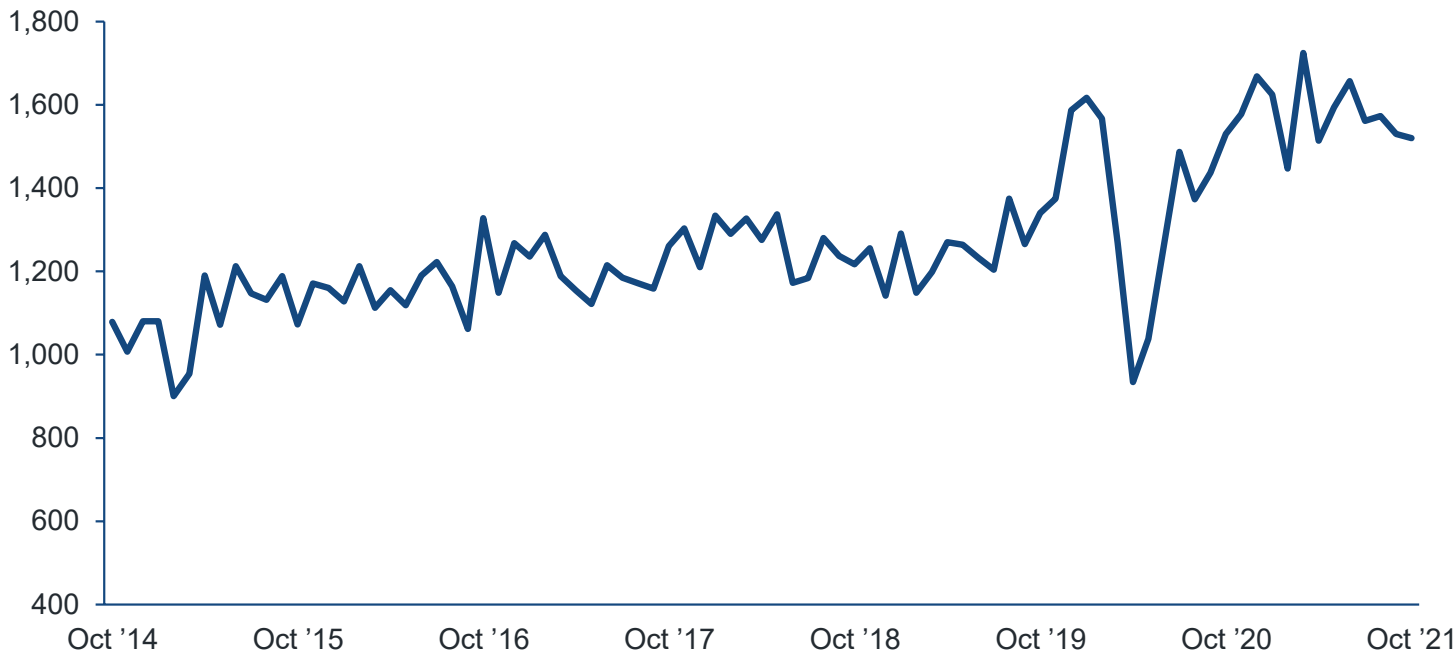
Housing starts in October 2021 increased 0.4% over the prior year. The high level of activity was driven by a combination of record low inventory levels, homebuilder confidence and low mortgage rates. The Federal Reserve’s monetary policy has helped keep mortgage rates near record lows, attracting more potential homebuyers and promoting historically strong demand.

Multi-family starts drove the increase in housing starts, rising 36.6% from October 2020 to October 2021, while single-family starts were down year over year.

National Housing Starts

October 2021 Actual: 1,520 | YoY Δ : 0.4% | MoM Δ : (0.7%)

in thousands



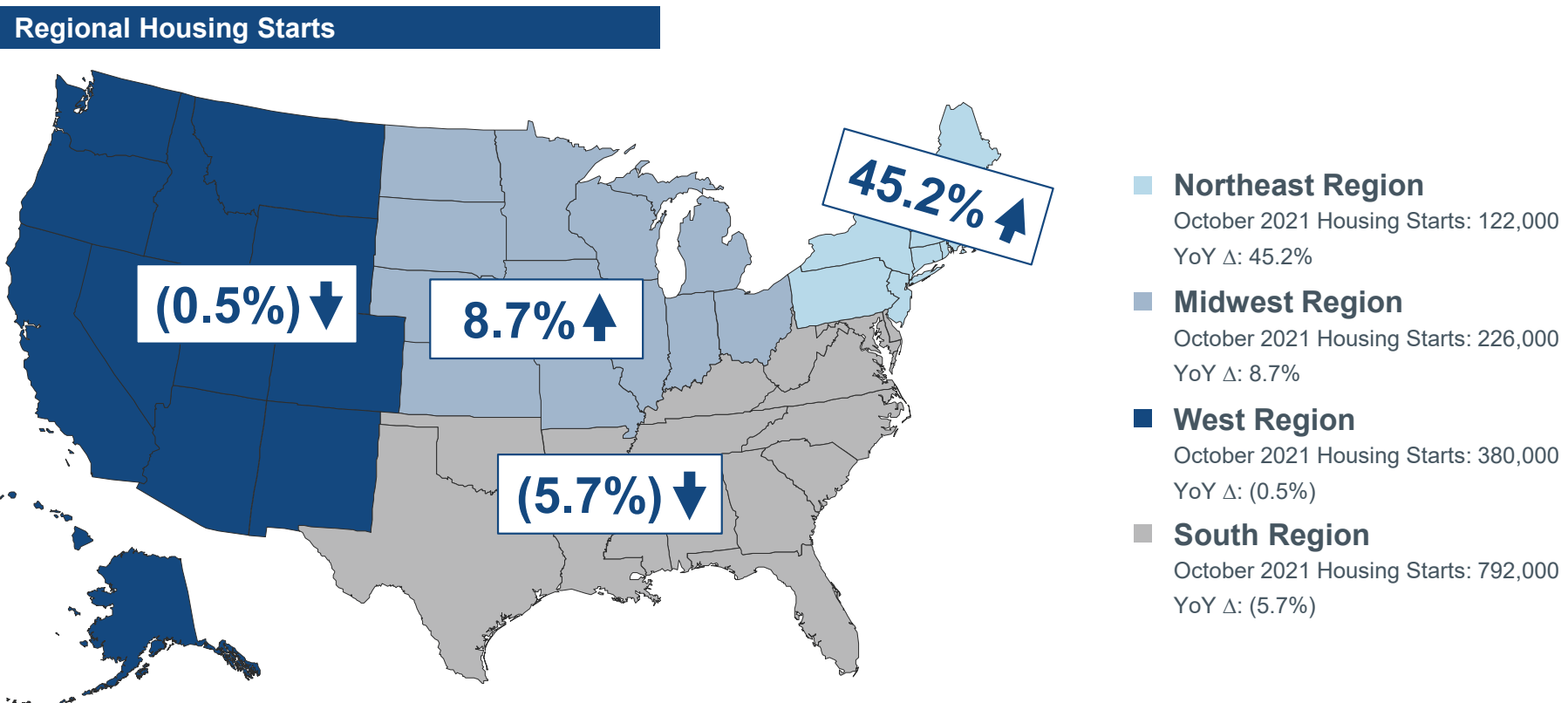
Seasonally Adjusted Annual Rate
Source: U.S. Department of Commerce: Census Bureau

HOUSING STARTS IN THE SECOND HALF OF 2021

U.S. housing starts fell in all four regions of the U.S. after they enforced lockdown orders in mid-March 2020 but started bouncing back as states reopened. Housing starts in the Midwest, West and South regions ended 2020 on a strong note with 13.2%, 7.5% and 6.2% gains for the year, respectively. The Northeast region experienced a decline in housing starts of 2.8% in December 2020 compared to December 2019.

In October 2021, the Northeast region of the U.S. was the strongest performer, with a 45.2% increase in housing starts over the previous year. The Midwest also had an 8.7% YoY increase in housing starts in October 2021.

The West and South regions experienced a decline in housing starts in October 2021. New home construction started slowing down in 2021 mostly due to inflated raw materials costs and a shortage of labor.



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

BUILDING PERMITS IN THE SECOND HALF OF 2021

An estimated 1,650,000 permits were authorized in October 2021 for future home building, representing a 4.0% increase over the previous month and a 3.4% increase over the prior year.

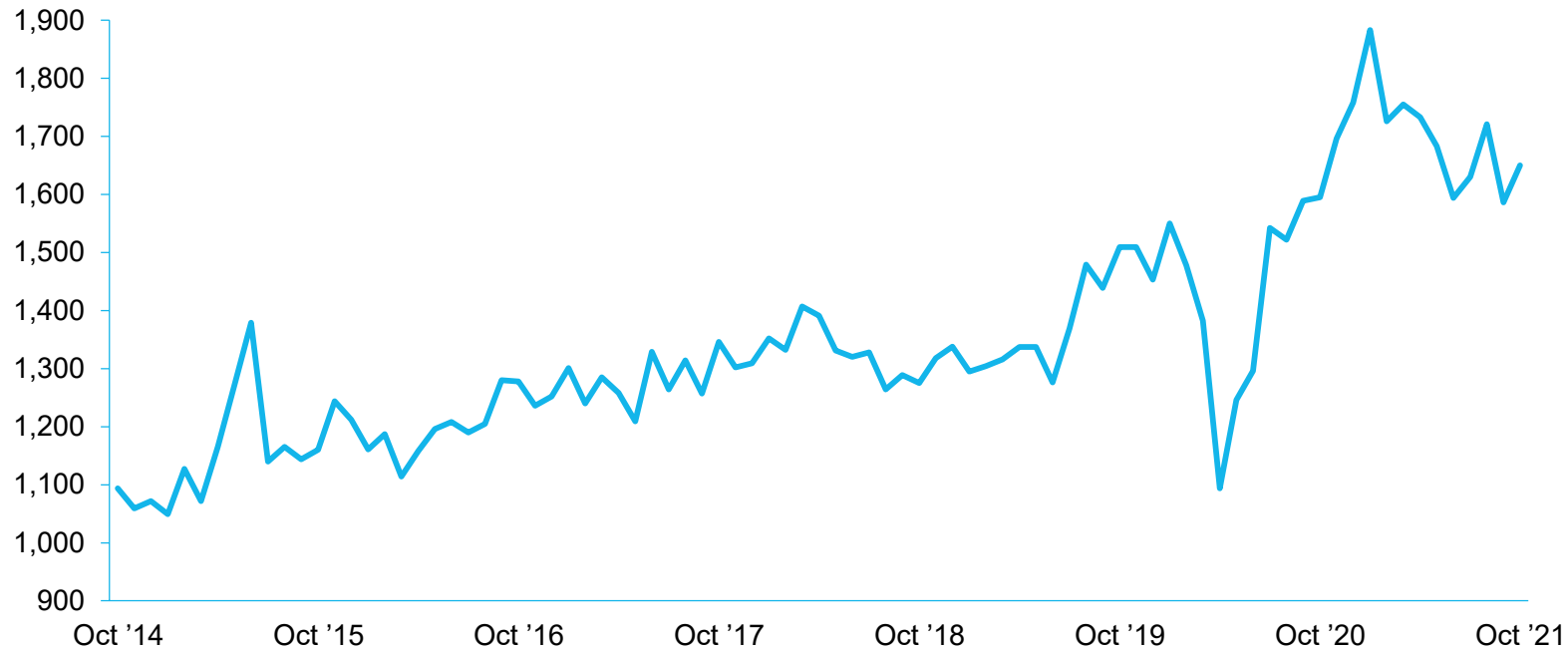
Single family housing units authorized by building permits dropped 6.3% over the prior year while multifamily recorded a gain of 28%.

Permits for single-family homes, accounting for the largest share of the market, experienced a decline due to shortage of building materials, land and labor.

National Building Permits New Housing Units

October 2021 Actual: 1,650 | YoY Δ : 3.4% | MoM Δ : 4.0%

in thousands



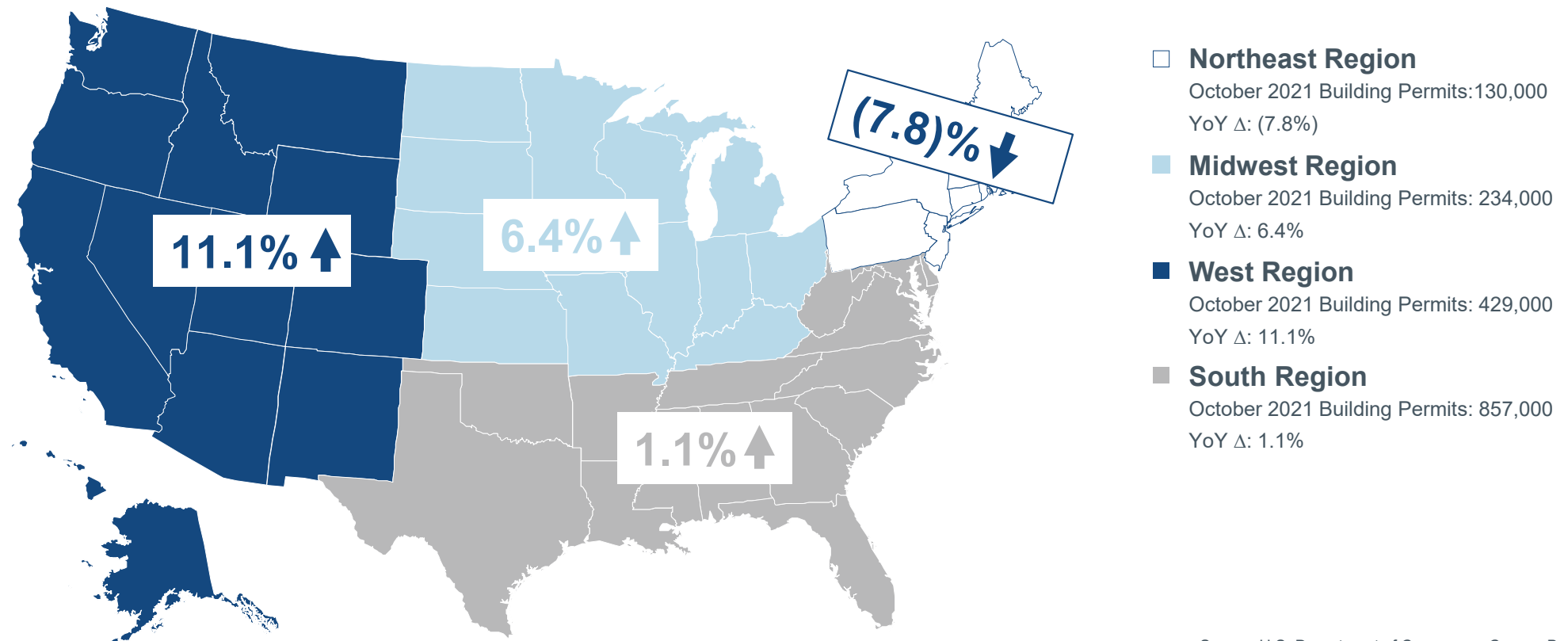
Source: U.S. Department of Commerce: Census Bureau

BUILDING PERMITS IN THE SECOND HALF OF 2021

In October 2021 YTD, the Midwest, South and West regions witnessed strong building permit activity. In October 2021, U.S. building permits increased by 4% over the previous month as single-family unit authorizations rose by 2.7% and multifamily permits jumped 6.6%.

Permits for future homebuilding typically precede new home starts by one to two months. The housing market is being supported by low mortgage rates, transition from urban to suburban locations and strong housing demand.

Regional Building Permits



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

HOME SALES AND INVENTORY

An estimated 745,000 new homes were sold in October 2021. This is 23.1% below the October 2020 figure of 969,000 and 0.4% above the September 2021 rate.

The seasonally adjusted estimate of new houses for sale at the end of October was 389,000. This represents a supply of 6.3 months at the current sales rate, above the 10-year average supply of 5.3 months.

The supply of new homes appears to have caught up with current demand for new homes in October 2021 YTD.

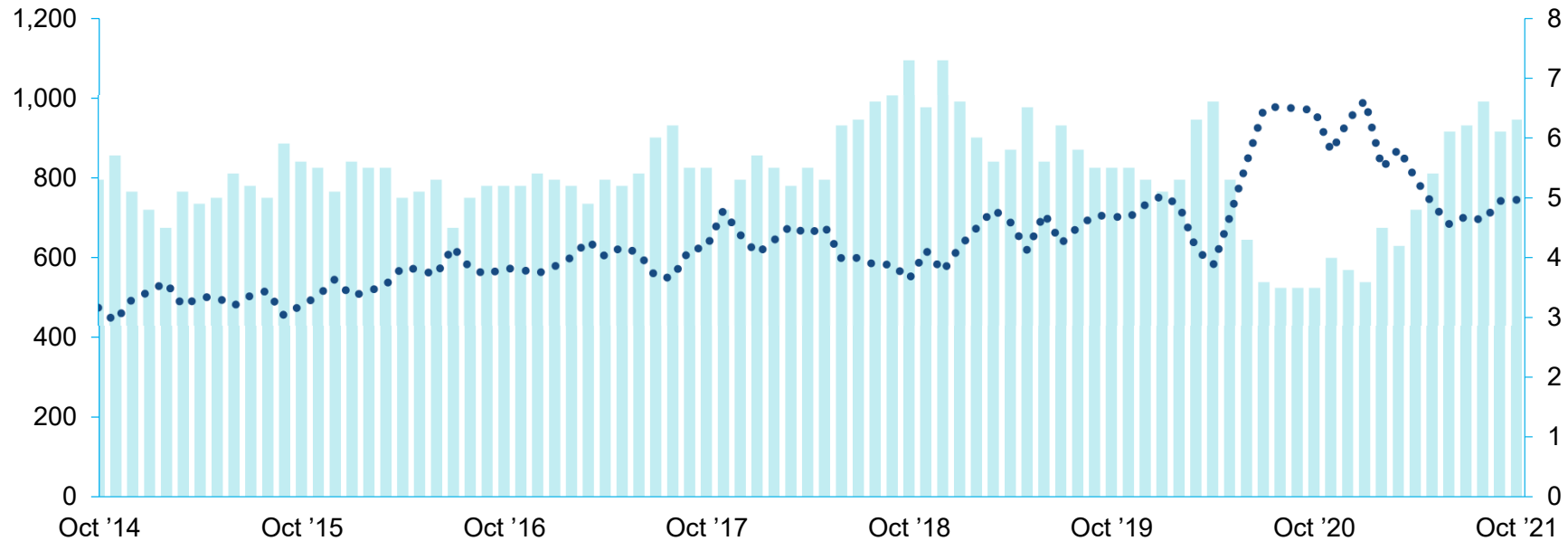
New Home Sales and Supply

New Home Sales
in thousands

Months of Supply

••••• New Home Sales

Months of Supply
(Number of Months)



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

HOME SALES AND INVENTORY

Existing home sales, which account for much of the housing market, totaled 6.34 million in October 2021 and were down 5.8% from the prior year.

Housing inventory sank to historic lows, with 1.25 million homes available for sale at the end of October 2021. This represents a 2.4-month supply, which is 40% below the 7-year median of 4.0 months.

The inventory of existing homes at the end of October 2021 represented a 4.0% drop from the same period a year ago.

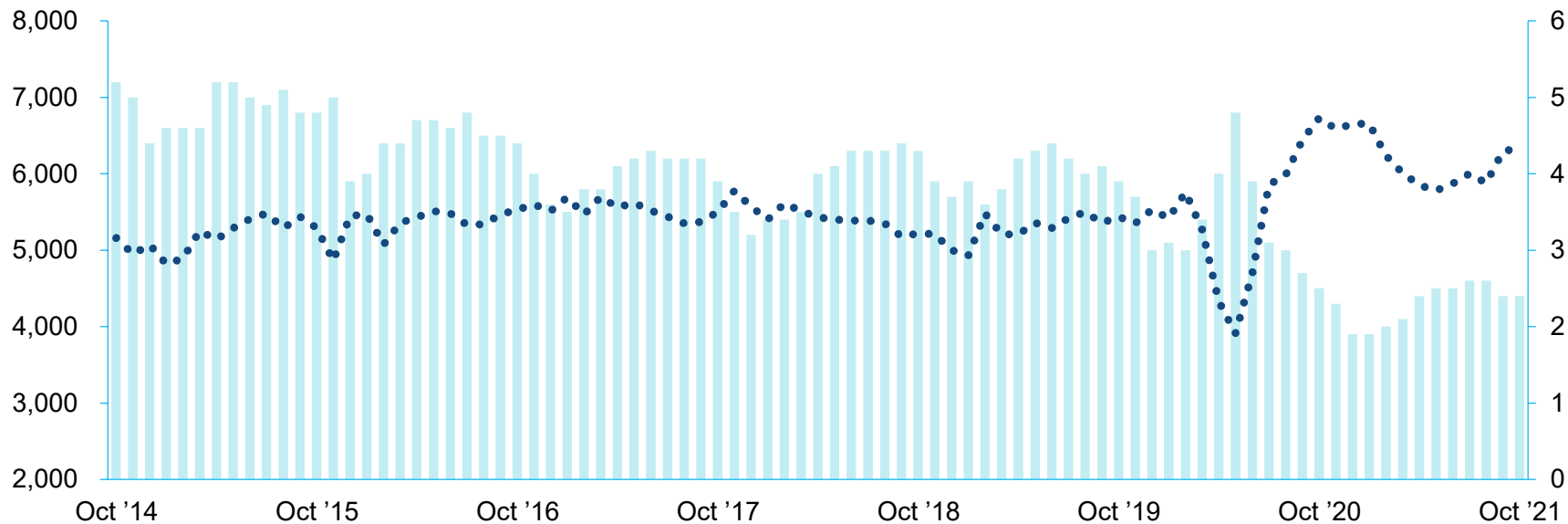
Existing Home Sales and Supply

Existing Home Sales
(Units in Thousands)

Months of Supply

Existing Home Sales

Months of Supply
(Number of Months)



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

U.S. HOME PRICES CONTINUE TO RISE

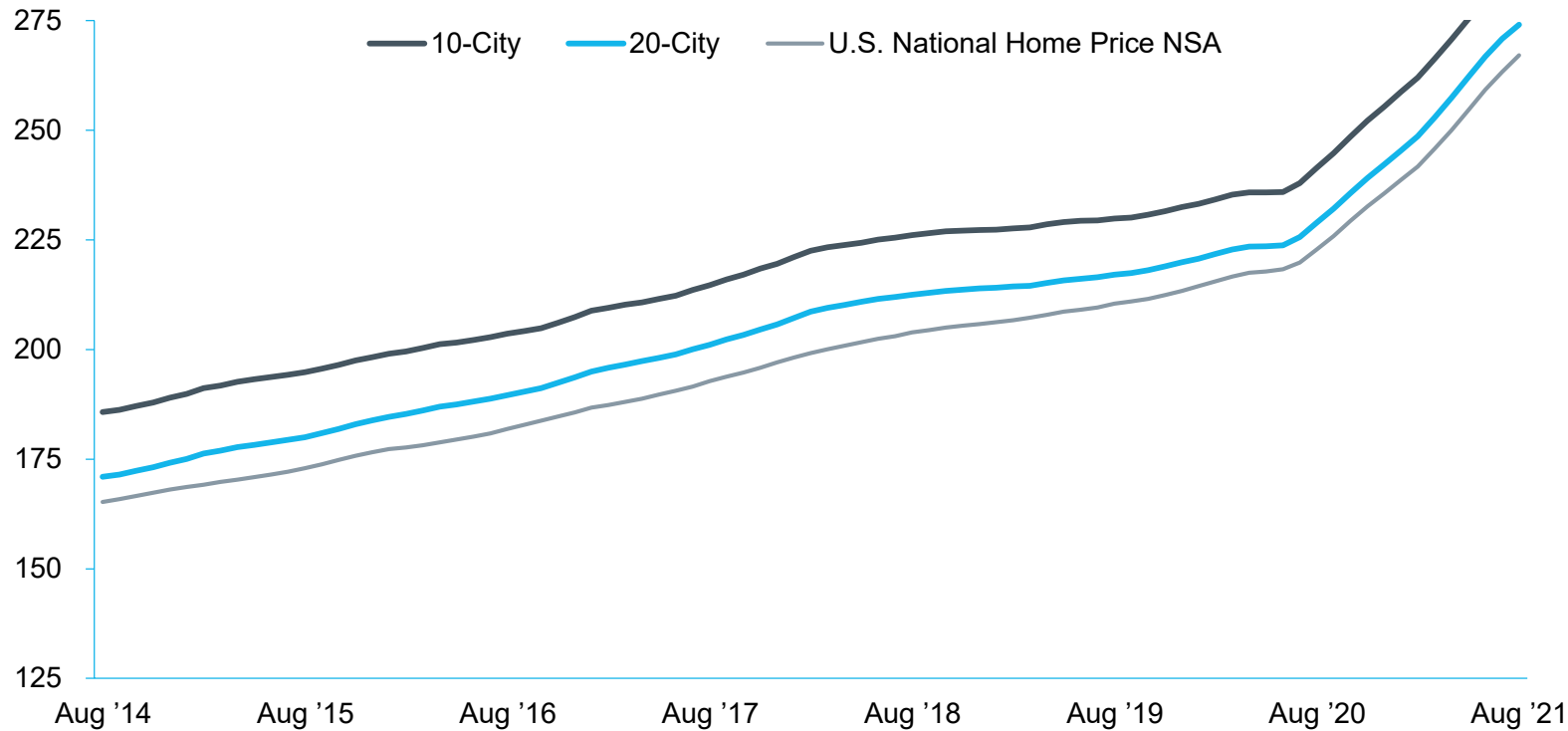
The S&P CoreLogic Case-Shiller U.S. National Home Price NSA Index, which measures average home prices in major metropolitan areas across the nation, rose 19.8% in August 2021 from the prior year and 14.6% from the beginning of 2021.

The Case-Shiller 10-city index increased 18.6% in August 2021 over the prior year while the 20-city index rose 19.6%.

Increases in these indexes have been boosted by attractive mortgage rates, strong homebuyer demand and shifts from urban to rural households during the pandemic. Home prices increased due to supply chain challenges for building products and labor shortages.

S&P CoreLogic Case-Shiller Home Price Indices*

Index Jan 2000=100, Not Seasonally Adjusted



Monthly, Indexed to January 2000

*The S&P CoreLogic Case-Shiller Home Price Indices are not seasonally adjusted; they are calculated monthly using a three-month moving average and published with a two-month lag.

Source: S&P Dow Jones Indices LLC

U.S. HOME PRICES CONTINUE TO RISE

Home prices continue to increase across the U.S., with all 20 metropolitan areas reporting data to the 20-City S&P CoreLogic Case-Shiller Index experiencing YoY and MoM increases in home prices for the period ended August 2021.

Phoenix, San Diego, Tampa and Seattle experienced the largest YoY appreciation in home prices, with increases of over 24.0%.

Home prices are expected to continue accelerating through year end, driven by inflated building raw material costs, labor shortages, and high demand.

Regional Home Price Indices*

August 2021–10-City Composite		
Metropolitan Area	MoM % Δ	YoY % Δ
San Diego	1.0%	26.2%
Miami	2.3%	23.8%
Las Vegas	2.4%	23.8%
Denver	1.4%	21.5%
San Francisco	1.0%	21.2%
Los Angeles	1.0%	18.5%
Boston	0.7%	17.8%
New York	0.4%	17.3%
Washington, D.C.	0.8%	15.1%
Chicago	0.8%	12.7%
10-City Composite	1.3%	18.6%

August 2021–20-City Composite		
Metropolitan Area	MoM % Δ	YoY % Δ
Phoenix	2.3%	33.3%
San Diego	1.0%	26.2%
Tampa	2.5%	26.0%
Dallas	2.1%	24.7%
Seattle	1.1%	24.4%
Miami	2.3%	23.8%
Las Vegas	2.4%	23.8%
Charlotte	1.7%	21.7%
Denver	1.4%	21.5%
San Francisco	1.0%	21.2%
Atlanta	2.1%	20.2%
Portland	1.1%	19.2%
Los Angeles	1.0%	18.5%
Boston	0.7%	17.8%
New York	0.4%	17.3%
Detroit ¹	0.8%	15.7%
Cleveland	0.8%	15.5%
Washington, D.C.	0.8%	15.1%
Minneapolis	0.6%	14.0%
Chicago	0.8%	12.7%
20-City Composite	1.4%	19.6%

Monthly, Indexed to January 2000

*The S&P CoreLogic Case-Shiller Home Price Indices are calculated monthly using a three-month moving average and published with a two-month lag.

¹Due to delays caused by the COVID-19 lockdown, S&P Dow Jones Indices and CoreLogic were unable to calculate a valid Detroit index.

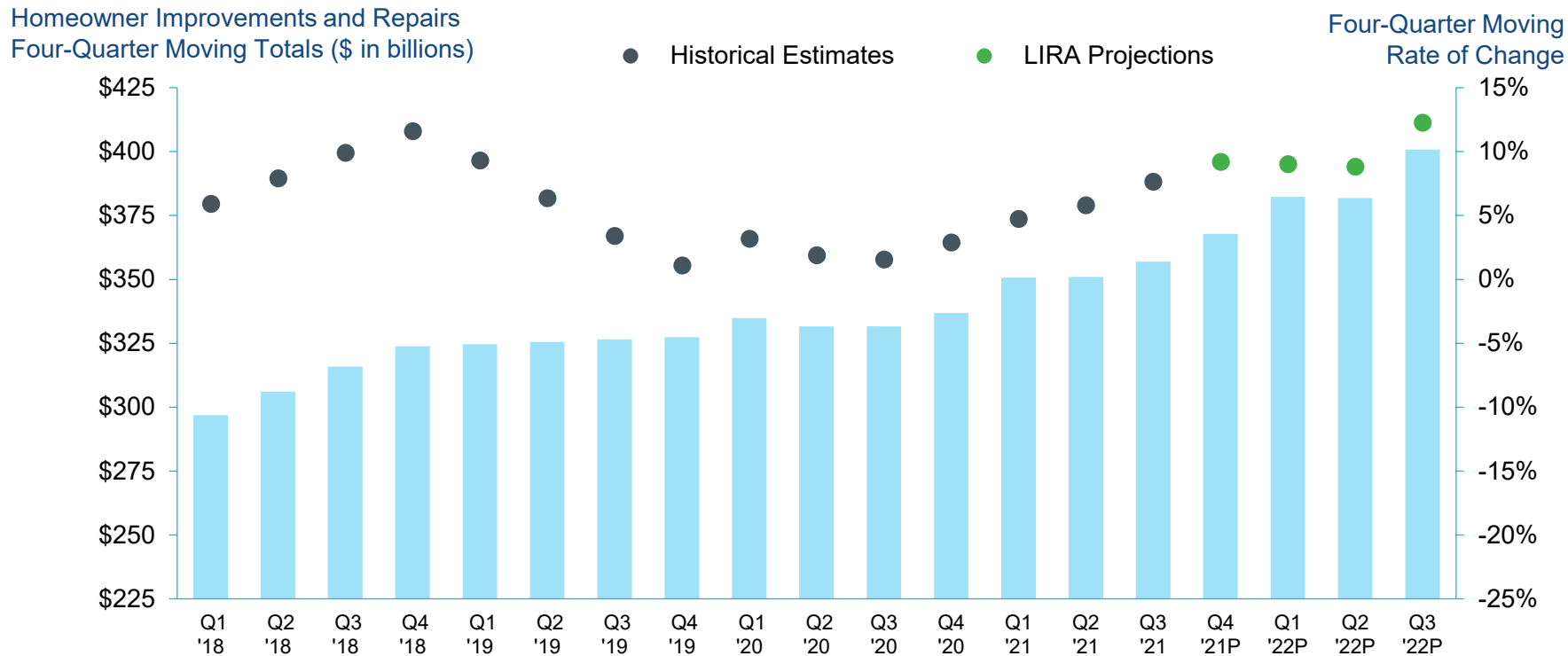
Source: S&P Dow Jones Indices LLC

BUSY REMODELING ACTIVITY IN 2021 LIKELY TO CONTINUE IN 2022

Based on the Leading Indicator of Remodeling Activity (LIRA*), spending for improvements and repairs to owner-occupied homes increased 7.6% in Q3 2021 and will likely increase 9.2% in Q4 2021.

The remodeling market is at historical highs as families who are forced to stay home from work, school and leisure activities due to the pandemic, are electing to invest in their homes. Homeowners may pursue more and larger discretionary home improvements in 2022 as the broader economy is expected to continue to recover.

Leading Indicator of 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.

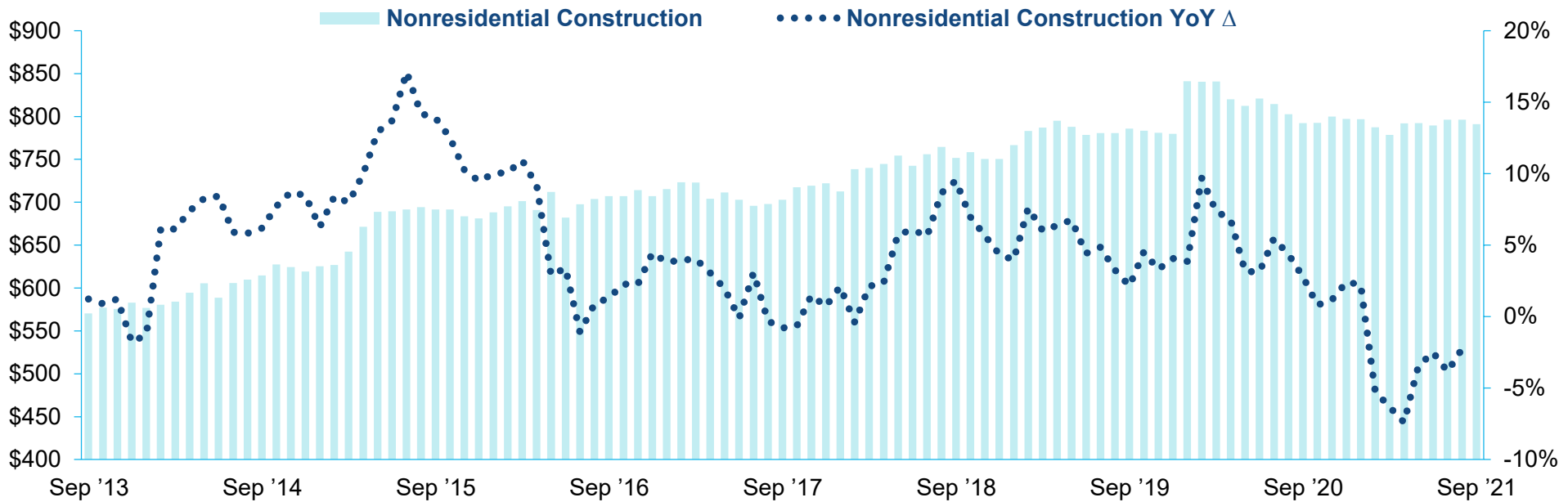
NONRESIDENTIAL CONSTRUCTION ACTIVITY WEAKENED

In September 2021, nonresidential construction was at a seasonally adjusted annual rate of \$791.2 billion, a decrease of 1.3% over the same period a year ago. The public nonresidential sector experienced higher declines in construction compared to the private sector.

Nonresidential construction activity in the private sector was down 0.5% while nonresidential construction in the public sector decreased by 2.4% in September 2021 YTD.

A shortage of workers, rising building material costs and supply chain issues have reduced spending on construction projects. With the new omicron variant, the outlook for U.S. nonresidential construction is mixed, with expectations for a continued pullback in office and lodging construction.

Nonresidential Construction Put in Place (\$ in billions)



Seasonally Adjusted Annual Rate
Source: U.S. Census Bureau

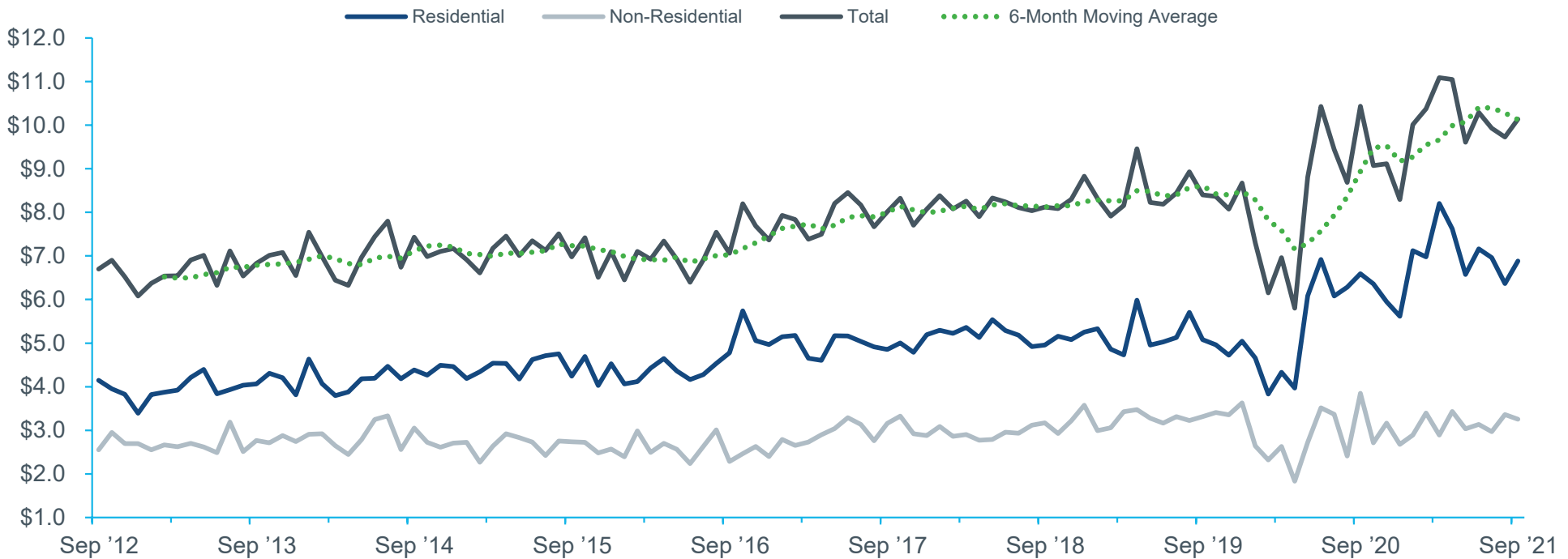
CANADIAN BUILDING MARKET—PERMITS AND STARTS

The number of seasonally adjusted new building permit applications in Canada has rebounded since a slight lull in early 2020, with total permits as of YTD September 2021, 24.6% higher year over year. This rise in seasonally adjusted new building permit applications was led by a rebound in residential permits (31.0% increase) as Canada moves back toward a new post-pandemic normal. Nonresidential building permit applications also rose (increase of 12.2%) and remain above the long-term average.

All ICI (industrial, commercial and institutional) sectors saw an increase compared to last year, led by institutional permit applications (up 25.1%), followed by industrial permits (up 8.1%) and commercial permits (up 7.9%).

Authorized Building Permits

CA\$ in billions



Seasonally Adjusted
Source: Statistics Canada

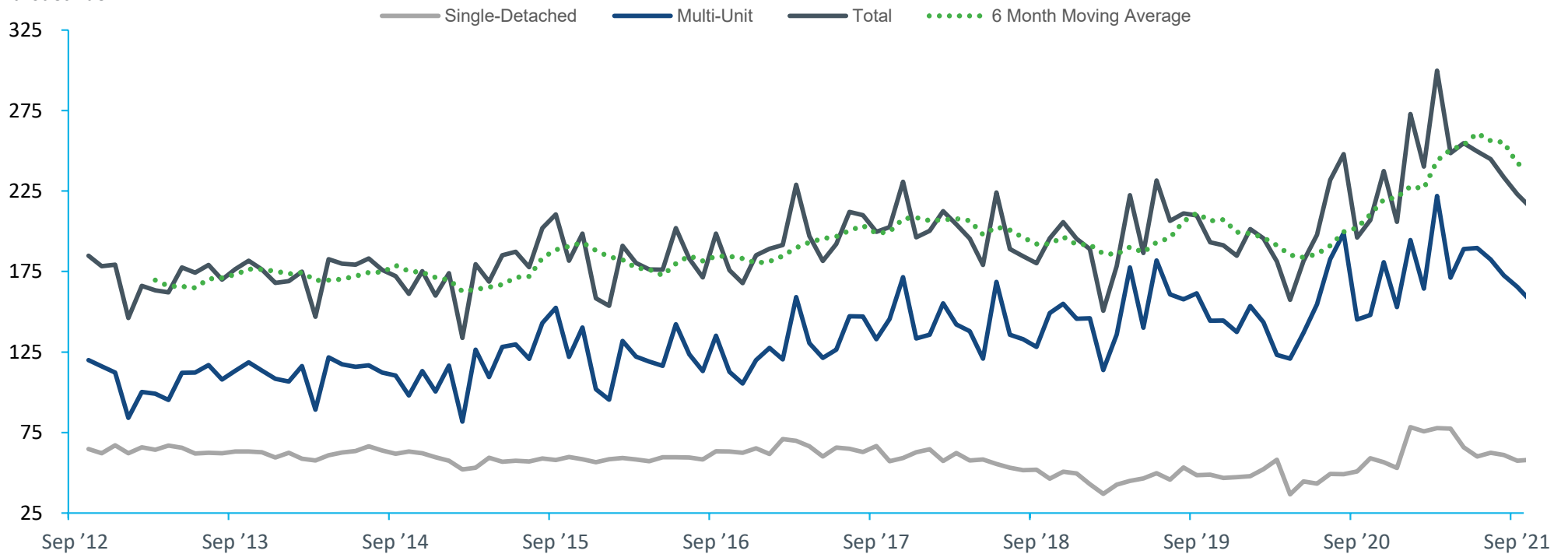
CANADIAN BUILDING MARKET—PERMITS AND STARTS

Canadian housing starts began to cool off in June 2021 compared to the record highs in March 2021, but still remain strong, with YTD September 2021 housing starts 26.6% higher than the previous year. Labor shortages currently facing the construction industry may also be affecting September housing starts.

Single-detached housing starts saw the strongest growth (rising 42.6%), but housing starts were very strong with semi-detached starts growing by 21.6% as well. Multi-unit residences also saw strong growth, increasing 21.5% year over year.

Housing Starts

in thousands



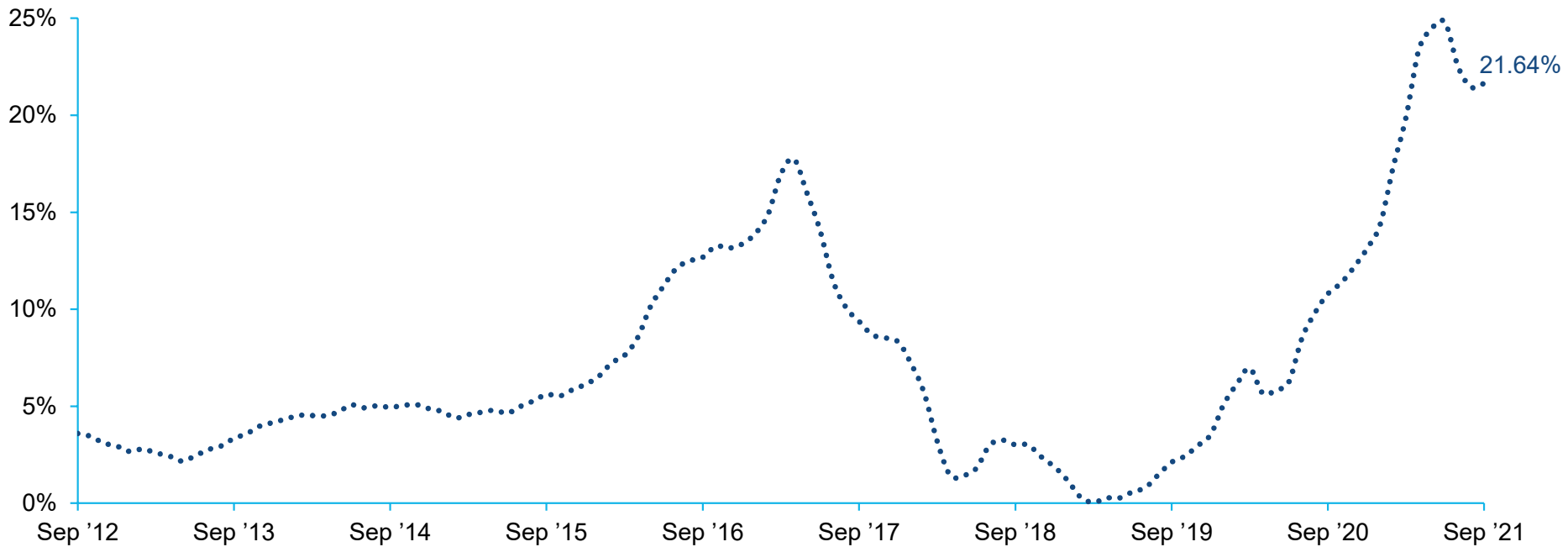
Seasonally adjusted, areas 10,000+
Source: Canada Mortgage and Housing Corporation

CANADIAN HOUSING MARKET-EXISTING PRICES

Housing prices continued to rise in 2021 as the COVID-19 pandemic continued to drive homeowners to look for larger living arrangements, with more individuals spending more time at home. As of September 2021, the Multiple Listing Service Home Price Index increased by 21.6% year over year. Benchmark prices were largely driven by single-family homes, single-story houses and two-story houses (up 24.6%, 25.0% and 24.2%, respectively, YoY in September). Prices for apartments also increased, though at a lower rate of 12.2% over the same time period.

Bank of Montreal anticipates that housing prices will continue to operate with 15% to 20% price growth, showing no signs of cooling down. However, mortgage rates will likely face upward pressure over the next few months, which could help offset the pricing growth.

MLS HPI Benchmark Price (YoY % change)



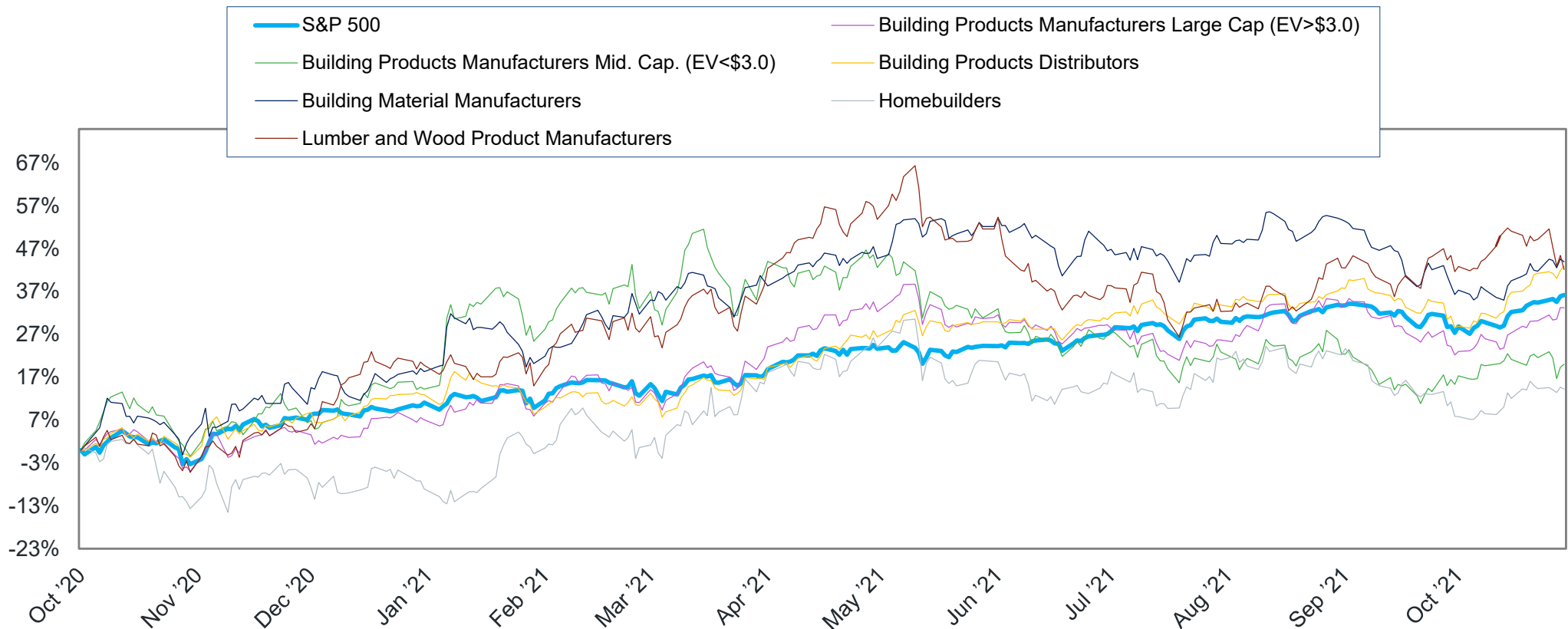
Seasonally Adjusted, Areas 10,000+
Source: Canada Mortgage and Housing Corporation

STOCK PRICES SIGNALING INVESTOR CONFIDENCE

In October 2021 YTD, three sectors within the building products and materials industry outperformed the S&P 500. The Building Materials Manufacturers index posted the best performance, followed by the Building Products Distributors and the Lumber and Wood Product Manufacturers indexes. The outperformance of these three indexes is due to the high housing demand in the low interest rate environment.

The Homebuilders, Building Products Manufacturers Large Cap and Building Product Manufacturers Mid. Cap indexes underperformed the S&P 500 but yielded over 14% positive returns.

Equity Market Performance



Source: S&P Global Market Intelligence, which includes the most actively traded companies for the respective covered sectors

PUBLIC COMPANIES' TRADING STATISTICS



Selected Public Company Analysis

(\$ in millions, except per share data)

Building Products Manufacturers Large Cap. (EV>\$3.0B)	MARKET DATA				LTM OPERATING PERFORMANCE						ENTERPRISE VALUE AS MULTIPLE OF				
	Price at 10/04/21	% of 52-Week High	Equity Value	Enterprise Value	Revenue	EBITDA	Revenue Growth	EBITDA Growth	EBITDA Margin	Net Debt/EBITDA	LTM EBITDA	2021P EBITDA	2022P EBITDA	LTM Revenue	2021P Revenue
James Hardie Industries plc	39.10	96.1%	22,141	23,304	3,292	878	24.1%	35.4%	26.7%	0.9x	26.5x	24.4x	21.0x	7.08x	6.52x
Masco Corporation	67.08	97.2%	13,839	16,421	8,213	1,202	17.9%	(10.7%)	14.6%	1.9x	13.7x	10.2x	9.7x	2.00x	1.98x
Fortune Brands Home & Security, Inc.	102.93	90.3%	12,602	14,909	7,353	1,279	24.6%	34.7%	17.4%	1.8x	11.7x	11.5x	10.4x	2.03x	1.96x
Builders FirstSource, Inc.	71.43	96.3%	10,895	13,299	17,790	2,435	128.3%	367.7%	13.7%	1.1x	5.5x	4.6x	6.2x	0.75x	0.68x
Lennox International Inc.	317.46	89.1%	11,002	12,384	4,143	694	14.9%	31.9%	16.8%	2.0x	17.8x	18.3x	16.4x	2.99x	2.99x
Trex Company, Inc.	131.05	96.4%	11,817	11,900	1,121	335	37.2%	41.2%	29.9%	NM	35.5x	32.9x	27.2x	NM	9.96x
Owens Corning	87.39	79.5%	9,074	11,537	8,292	1,907	21.5%	59.2%	23.0%	1.2x	6.1x	6.1x	5.9x	1.39x	1.37x
Acuity Brands, Inc.	210.06	93.5%	6,143	6,112	3,461	528	4.0%	11.3%	15.3%	0.1x	11.6x	10.0x	9.3x	1.77x	1.63x
The AZEK Company Inc.	40.59	79.1%	5,522	5,777	1,179	245	31.1%	207.2%	20.8%	1.2x	23.6x	17.7x	15.4x	4.90x	4.25x
Summit Materials, Inc.	39.27	94.7%	3,853	5,362	2,438	501	7.7%	18.8%	20.5%	2.8x	10.7x	10.4x	9.6x	2.20x	2.22x
Cornerstone Building Brands, Inc.	16.40	83.1%	1,799	5,277	5,303	633	13.5%	9.6%	11.9%	4.3x	8.3x	7.6x	7.1x	1.00x	0.95x
Armstrong World Industries, Inc.	109.44	95.3%	4,590	5,213	1,063	259	12.5%	(8.6%)	24.3%	2.2x	20.2x	13.9x	12.4x	4.90x	4.74x
Simpson Manufacturing Co., Inc.	117.17	94.8%	4,773	4,511	1,449	352	17.1%	24.3%	24.3%	NM	12.8x	12.3x	12.2x	3.11x	2.95x
JELD-WEN Holding, Inc.	25.15	79.9%	2,468	3,801	4,636	418	11.6%	14.2%	9.0%	3.6x	9.1x	8.1x	7.0x	0.82x	0.81x
Masonite International Corporation	109.85	83.1%	2,605	3,237	2,579	380	18.9%	18.8%	14.7%	1.8x	8.5x	7.7x	6.8x	1.25x	1.24x
Mean		89.9%	\$8,208	\$9,536	\$4,821	\$803	25.7%	57.0%	18.9%	1.9x	14.8x	13.0x	11.8x	2.58x	2.95x
Median		93.5%	\$6,143	\$6,112	\$3,461	\$528	17.9%	24.3%	17.4%	1.8x	10.0x	8.5x	7.6x	0.03x	0.24x
Building Products Manufacturers Mid Cap. (EV<\$3.0B)															
Griffon Corporation	26.48	90.7%	1,403	2,390	2,271	245	9.9%	17.8%	10.8%	3.8x	9.7x	9.5x	7.5x	1.05x	0.96x
Gibraltar Industries, Inc.	71.80	69.7%	2,279	2,309	1,271	145	45.0%	22.2%	11.4%	0.4x	15.9x	14.2x	11.5x	1.82x	1.73x
PGT Innovations, Inc.	20.66	73.5%	1,183	1,726	1,079	143	29.0%	8.5%	13.2%	3.7x	12.1x	10.2x	8.1x	1.60x	1.49x
American Woodmark Corporation	62.78	57.7%	1,114	1,707	1,801	149	10.3%	(29.9%)	8.3%	4.2x	11.5x	11.2x	7.9x	0.95x	0.91x
Apogee Enterprises, Inc.	46.05	94.9%	949	1,107	1,274	128	(0.7%)	27.6%	10.0%	1.2x	8.7x	8.6x	7.2x	0.87x	0.87x
Insteel Industries, Inc.	43.36	93.2%	736	648	591	104	25.0%	168.0%	17.6%	NM	6.3x	6.1x	7.8x	1.10x	0.95x
Mean		80.0%	\$1,277	\$1,648	\$1,381	\$152	19.7%	35.7%	11.9%	2.7x	10.7x	10.0x	8.3x	1.23x	1.15x
Median		82.1%	\$1,148	\$1,717	\$1,272	\$144	17.6%	20.0%	11.1%	3.7x	5.0x	4.6x	3.2x	-1.22x	-1.28x

LTM: Last Twelve Months

NM: Not Mentioned

EBITDA: Earnings Before Interest, Tax, Depreciation & Amortization

Source: S&P Global Market Intelligence, which includes the most actively traded companies for the respective covered sectors

PUBLIC COMPANIES' TRADING STATISTICS

Selected Public Company Analysis

(\$ in millions, except per share data)

Building Products Distributors	MARKET DATA				LTM OPERATING PERFORMANCE						ENTERPRISE VALUE AS MULTIPLE OF				
	Price at 10/04/21	% of 52-Week High	Equity Value	Enterprise Value	Revenue	EBITDA	Revenue Growth	EBITDA Growth	EBITDA Margin	Net Debt/EBITDA	LTM EBITDA	2021P EBITDA	2022P EBITDA	LTM Revenue	2021P Revenue
Fastenal Company	60.11	97.3%	29,484	29,830	5,837	1,349	4.9%	5.8%	23.1%	0.3x	22.1x	21.9x	20.0x	5.11x	5.02x
Ferguson plc	153.72	94.8%	22,585	24,358	22,792	2,293	14.3%	31.5%	10.1%	1.1x	10.6x	9.6x	9.2x	1.07x	0.98x
Pool Corporation	559.19	96.0%	17,481	18,077	5,099	807	38.6%	78.7%	15.8%	0.6x	22.4x	21.3x	19.0x	3.54x	3.48x
Builders FirstSource, Inc.	71.43	96.3%	10,895	13,299	17,790	2,435	128.3%	367.7%	13.7%	1.1x	5.5x	4.6x	6.2x	0.75x	0.68x
Watsco, Inc.	300.24	97.1%	9,462	10,108	5,923	585	19.1%	47.0%	9.9%	0.2x	17.3x	16.1x	15.5x	1.71x	1.66x
Beacon Roofing Supply, Inc.	53.77	88.2%	3,336	5,579	6,642	646	12.3%	46.2%	9.7%	2.8x	8.6x	8.4x	8.1x	0.84x	0.79x
GMS Inc.	58.55	95.9%	1,940	3,116	3,538	346	10.7%	23.5%	9.8%	3.5x	9.0x	7.9x	6.8x	0.88x	0.81x
Doman Building Materials Group Ltd.	5.61	66.3%	437	1,197	1,822	149	53.1%	57.4%	8.2%	4.4x	8.0x	6.6x	7.6x	0.65x	0.59x
BlueLinX Holdings Inc.	70.11	91.1%	474	1,121	4,170	380	46.5%	204.3%	9.1%	1.4x	2.9x	2.8x	5.1x	0.27x	0.27x
Hardwoods Distribution Inc.	32.90	85.3%	754	1,003	1,394	131	53.5%	170.3%	9.4%	4.7x	7.6x	5.4x	5.0x	0.72x	0.64x
Huttig Building Products, Inc.	9.13	91.6%	142	273	892	47	13.2%	318.9%	5.2%	2.4x	5.9x	NM	NM	0.31x	NM
Goodfellow Inc.	7.67	83.1%	61	122	471	41	35.8%	199.5%	8.7%	0.7x	3.0x	NM	NM	0.26x	NM
Mean		90.3%	\$8,088	\$9,007	\$6,364	\$767	35.9%	129.2%	11.1%	1.9x	10.2x	10.5x	10.2x	1.34x	1.49x
Median		93.2%	\$2,638	\$4,347	\$4,634	\$483	27.5%	68.1%	9.8%	1.3x	6.1x	6.0x	5.8x	-1.11x	-1.04x
Building Materials Manufacturers															
CEMEX, S.A.B. de C.V.	0.63	76.7%	212,684	388,179	14,602	3,298	15.3%	67.9%	22.6%	2.5x	NM	6.3x	5.8x	NM	1.27x
CRH plc	48.91	94.1%	31,042	36,841	29,416	4,327	7.0%	4.8%	14.7%	1.4x	8.5x	6.7x	6.4x	1.25x	1.16x
Vulcan Materials Company	199.35	94.9%	22,753	25,169	5,121	1,342	5.2%	4.0%	26.2%	3.4x	18.8x	17.5x	14.4x	4.91x	4.57x
Martin Marietta Materials, Inc.	418.34	96.0%	21,760	25,015	4,791	1,437	10.2%	13.1%	30.0%	2.2x	17.4x	16.3x	13.7x	5.22x	4.99x
HeidelbergCement AG	67.19	73.6%	14,609	24,837	21,708	3,967	2.2%	15.6%	18.3%	2.3x	6.4x	5.6x	5.5x	1.17x	1.15x
Eagle Materials Inc.	161.07	96.8%	5,673	6,415	1,733	553	13.8%	22.8%	31.9%	1.5x	11.6x	9.8x	8.8x	3.70x	3.48x
Titan Cement International S.A.	15.87	78.0%	1,306	2,134	1,933	304	4.0%	(5.9%)	15.7%	2.8x	7.0x	NM	NM	1.10x	NM
Mean		87.2%	\$44,261	\$72,656	\$11,329	\$2,175	8.3%	17.5%	22.8%	2.3x	11.6x	10.4x	9.1x	2.89x	2.77x
Median		94.1%	\$21,760	\$25,015	\$5,121	\$1,437	7.0%	13.1%	22.6%	2.3x	5.4x	4.5x	3.8x	-0.16x	-0.25x

LTM: Last Twelve Months

NM: Not Mentioned

EBITDA: Earnings Before Interest, Tax, Depreciation & Amortization

Source: S&P Global Market Intelligence, which includes the most actively traded companies for the respective covered sectors

PUBLIC COMPANIES' TRADING STATISTICS



Selected Public Company Analysis

(\$ in millions, except per share data)

Homebuilders	MARKET DATA				LTM OPERATING PERFORMANCE						ENTERPRISE VALUE AS MULTIPLE OF				
	Price at 10/04/21	% of 52-Week High	Equity Value	Enterprise Value	Revenue	EBITDA	Revenue Growth	EBITDA Growth	EBITDA Margin	Net Debt/EBITDA	LTM EBITDA	2021P EBITDA	2022P EBITDA	LTM Revenue	2021P Revenue
D.R. Horton, Inc.	98.75	92.4%	29,734	32,686	26,951	5,451	36.6%	80.5%	20.2%	0.4x	6.0x	4.7x	4.5x	1.21x	0.98x
Lennar Corporation	107.04	93.6%	27,954	32,258	24,595	5,437	13.1%	82.4%	22.1%	0.8x	5.9x	5.5x	5.0x	1.31x	1.19x
NVR, Inc.	5,291.10	98.6%	17,115	16,130	8,789	1,596	25.3%	48.4%	18.2%	NM	10.1x	9.9x	8.9x	1.84x	1.78x
PulteGroup, Inc.	51.59	80.7%	12,003	12,824	12,366	2,315	17.4%	32.3%	18.7%	0.5x	5.5x	4.7x	3.9x	1.04x	0.93x
Toll Brothers, Inc.	64.47	93.6%	6,721	9,530	8,295	972	20.0%	58.3%	11.7%	2.0x	9.8x	7.2x	5.5x	1.15x	1.14x
Taylor Morrison Home Corporation	32.13	94.4%	3,313	6,174	6,550	720	10.6%	51.6%	11.0%	4.1x	8.6x	6.0x	5.0x	0.94x	0.84x
KB Home	42.19	80.4%	3,388	4,901	5,226	656	15.3%	45.1%	12.6%	2.4x	7.5x	5.6x	4.4x	0.94x	0.85x
M.D.C. Holdings, Inc.	49.71	77.8%	3,283	4,233	4,848	756	32.5%	77.3%	15.6%	1.5x	5.6x	5.1x	4.9x	0.87x	0.79x
Meritage Homes Corporation	115.36	93.6%	3,650	4,152	5,031	904	19.5%	85.3%	18.0%	0.7x	4.6x	3.9x	3.5x	0.83x	0.81x
M/I Homes, Inc.	58.28	77.9%	1,725	2,218	3,496	494	24.6%	71.1%	14.1%	1.5x	4.5x	4.0x	3.7x	0.63x	0.60x
Hovnanian Enterprises, Inc.	90.60	61.9%	538	2,072	2,568	244	11.4%	80.1%	9.5%	5.7x	8.5x	NM	NM	0.81x	NM
Mean		85.9%	\$9,948	\$11,561	\$9,883	\$1,777	20.6%	64.8%	15.6%	1.9x	7.0x	5.7x	4.9x	1.05x	0.99x
Median		92.4%	\$3,650	\$6,174	\$6,550	\$904	19.5%	71.1%	15.6%	1.5x	3.6x	2.3x	1.7x	-1.17x	-1.25x
Lumber and Wood Product Manufacturers															
Weyerhaeuser Company	40.05	96.1%	26,782	30,278	NM	3,999	NM	144.1%	39.8%	0.7x	7.6x	7.5x	12.6x	3.01x	2.99x
West Fraser Timber Co. Ltd.	87.83	98.4%	11,449	9,326	10,028	4,526	155.4%	640.4%	45.1%	NM	2.1x	2.1x	4.2x	0.93x	0.89x
Louisiana-Pacific Corporation	75.44	96.2%	5,822	5,616	4,421	1,985	79.4%	301.0%	44.9%	NM	2.8x	2.9x	5.4x	1.27x	1.26x
UFP Industries, Inc.	86.95	93.4%	4,247	4,899	8,013	731	68.4%	91.7%	9.1%	0.3x	6.7x	6.6x	6.8x	0.61x	0.59x
Canfor Corporation	23.36	84.2%	2,722	2,453	6,115	2,153	56.5%	350.3%	35.2%	NM	1.1x	1.2x	2.9x	0.40x	0.39x
Boise Cascade Company	63.59	81.2%	2,156	2,040	7,616	917	49.2%	157.6%	12.0%	NM	2.2x	2.2x	4.1x	0.27x	0.27x
Interfor Corporation	27.65	92.0%	1,550	1,192	2,591	1,038	65.6%	277.6%	40.1%	NM	1.1x	1.2x	2.1x	0.46x	0.46x
Western Forest Products Inc.	1.54	76.4%	597	540	1,114	250	94.0%	NM	22.4%	NM	2.1x	2.3x	4.0x	0.48x	0.48x
Mean		89.7%	\$6,916	\$7,043	\$5,700	\$1,950	81.2%	280.4%	31.1%	0.5x	3.2x	3.3x	5.3x	0.93x	0.92x
Median		92.7%	\$3,485	\$3,676	\$6,115	\$1,512	68.4%	277.6%	37.5%	0.5x	0.1x	0.2x	1.4x	-1.48x	-1.49x

LTM: Last Twelve Months
 NM: Not Mentioned
 EBITDA: Earnings Before Interest, Tax, Depreciation & Amortization

Source: S&P Global Market Intelligence, which includes the most actively traded companies for the respective covered sectors

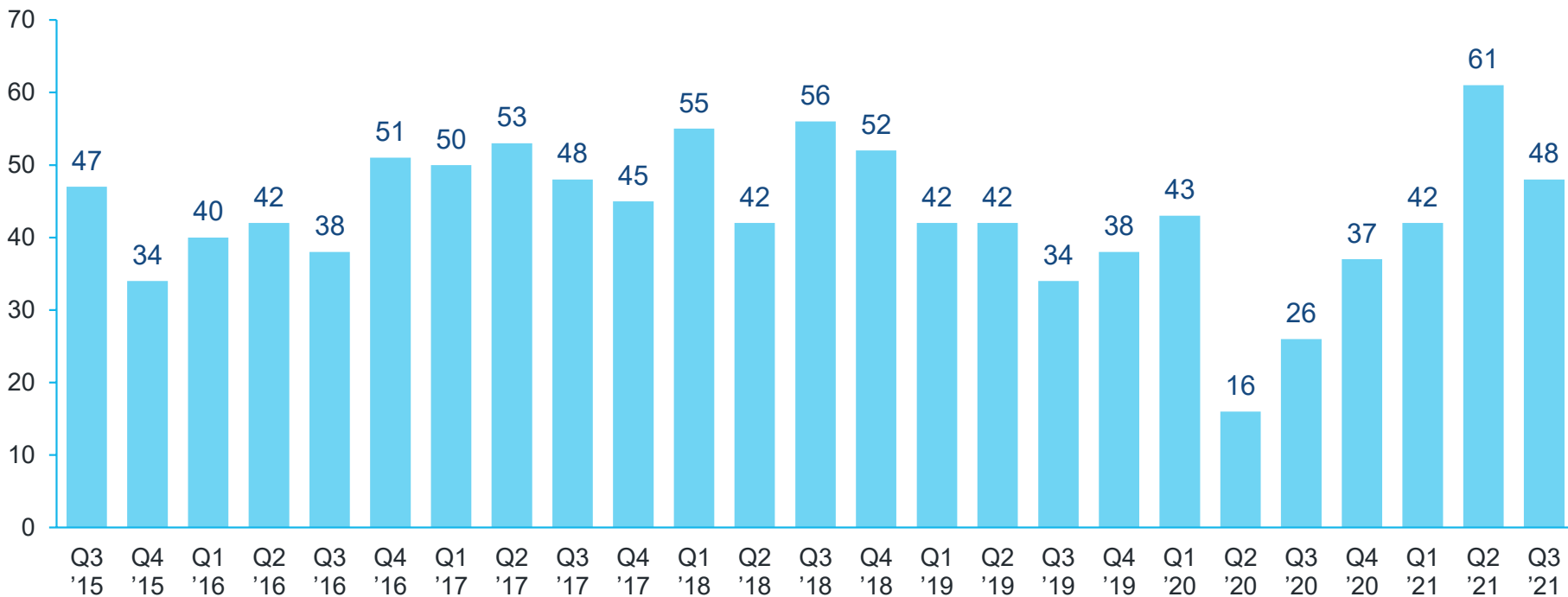
2H 2021 M&A ACTIVITY EXPERIENCES INCREASE FROM 2H 2020

Year to date October 2021, M&A activity in the building products and construction sector increased, with 204 completed transactions involving target companies headquartered in the U.S. or Canada.

M&A activity YTD October 2021, was up 65.8% relative to the prior year, Q3 2021 deal activity was up 84.6% compared to Q3 2020. PE firms and strategic buyers were more willing to deploy capital to effect transactions due to expected increases in capital gains tax and strong housing demand.

Building Products and Materials M&A Trends

Number of Deals



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

NOTABLE M&A ACTIVITY – 2H 2021



Building Products Manufacturers

Announced Target Name	Target Business Description	Acquirer Name
Sommer's Mobile Leasing, Inc.	Offers building products for design, construction, and installation of mobile and modular buildings.	WillScot Mobile Mini Holdings Corp.
Shoreline Vinyl Systems, Inc.	Manufactures and distributes vinyl fence, vinyl pergolas, vinyl rail, and aluminum fence products.	Eastern Wholesale Fence Co., Inc.
Fireside Hearth & Home of Dallas	Manufactures and sells indoor and outdoor fireplaces.	HNI Corporation
Premium LVT MFG, LLC	Manufactures stone polymer composite flooring products and vinyl tiles.	M S International, Inc.
Verde Industries, Inc.	Manufactures roof flashing and plastic weather-blocking products.	OmniMax International, Inc.
Galeno and Associates, Inc.	Manufactures and sells doors and frames.	The Cook & Boardman Group, LLC
Arrow Tru-Line, Inc.	Manufactures garage door hardware in the United States.	Middleground Partners I, L.P.; MiddleGround Capital LLC
Certain assets of Anlin Industries, Inc.	Designs, manufactures, and services windows and doors for homeowners in California.	PGT Innovations, Inc.
Certain assets of Atis Group	Develops, manufactures, distributes, and installs windows, doors, and products for residential and commercial construction and renovation markets in Canada.	FENPLAST INC.
Building material products manufacturing business of Vimco Inc.	Manufactures building products and materials.	OCM, Inc.

NOTABLE M&A ACTIVITY – 2H 2021



Building Products Manufacturers

Announced	Target Name	Target Business Description	Acquirer Name
	Cendrex inc.	Offers insulated access doors, security doors, roof and floor hatches, floor traps, cabinets, and locks and latches; interior and exterior mail boxes; and interior and exterior ashtrays, and waste receptacles.	Ironbridge Equity Partners Limited
	IPS Corporation	Manufactures and sells plumbing and roofing products, solvent cements, and adhesives for residential, commercial, construction, manufacturing, and industrial applications.	Centerbridge Partners, L.P.
	Cascade Windows, Inc.	Designs, manufactures, and installs windows and doors for home or commercial building projects.	Cornerstone Building Brands, Inc.
	Trimlite Mfg. Inc.	Manufactures and distributes stile and rail doors; fiberglass doors; decorative glass; and other homebuilding products for the building materials industry across North America.	Wynnchurch Capital, L.P.
	Doors & Building Components Inc.	Manufactures, sells, and installs steel curtain roll-up doors, components, and accessories for commercial and self-storage markets.	Janus International Group, Inc.
	American Hydrotech, Inc.	Engages in the development, production, and distribution of waterproofing and roofing products for roof decks and terraces, plazas, vertical foundations, reflecting pools, and other structures applications.	Sika AG
	Bath division of Custom Molded Products, Inc.	Manufactures hydrotherapy systems and bath accessories.	NuWhirl Systems Corp.
	Insulated metal panels business of Cornerstone Building Brands, Inc.	Designs, engineers, manufactures, markets, and installs external building products for the commercial, residential, and repair and remodel markets in the U.S. and Canada.	Vulcraft Canada, Inc.; Nucor Insulated Panel Group Inc
	StonePoint Materials, LLC	Manufactures construction materials.	Arcosa, Inc.

NOTABLE M&A ACTIVITY – 2H 2021



Building Materials Manufacturers

Announced	Target Name	Target Business Description	Acquirer Name
10/29/2021	Sand and gravel operation of Virginia Sand & Stone	Provides sand and gravel products used for construction.	Chaney Enterprises, LP
10/4/2021	King Asphalt, Inc.	Manufactures asphalt and provides asphalt services for residential and commercial properties in upstate South Carolina.	Construction Partners, Inc.
10/1/2021	Ararat Rock Products Company	Operates quarries that produces crushed stone, sand, and gravel in the U.S.	Luck Stone Corporation
9/1/2021	California TrusFrame LLC	Designs and manufactures prefabricated structural building components.	Builders FirstSource, Inc.
7/18/2021	Henry Company LLC	Researches, develops and manufactures roof coatings, cements, and driveway maintenance products.	Carlisle Companies Incorporated
6/21/2021	EP Henry Corporation	Offers pavers, including patio, brick, concrete, pool, interlocking, and permeable pavers, as well as paving stones.	Oldcastle APG, Inc.
6/20/2021	North American building products businesses of Boral Industries Inc.	Offers clay bricks and pavers, clay tiles, cement additives, fly ash, limestone, sand and gravel, concrete roof tiles, and coal combustion products.	Westlake Chemical Corporation
6/15/2021	North American architectural glass business of AGC Inc.	Comprises the architectural glass manufacturing business.	Cardinal Glass Industries, Inc.
6/6/2021	U.S. Concrete, Inc.	Produces and sells ready-mixed concrete, aggregates, and concrete-related products and services to the construction industry in the U.S., the U.S. Virgin Islands, and Canada.	Vulcan Materials Company
5/31/2021	Ready mix concrete plants in Dallas, Texas, of Cementos Argos S.A.	Produces and markets cement, ready-mix concrete, clinker, aggregates, and related products in the U.S. and internationally.	Smyrna Ready Mix, LLC

NOTABLE M&A ACTIVITY – 2H 2021



Building Materials Manufacturers

Announced	Target Name	Target Business Description	Acquirer Name
5/23/2021	Lehigh West Region Business	Comprises construction materials manufacturing operations.	Martin Marietta Materials, Inc.
5/21/2021	Beehive Brick & Stone	Manufactures stone and bricks for the commercial and residential construction.	Heritage Landscape Supply Group, Inc.
4/1/2021	Lee Masonry Products, Inc.	Manufactures and distributes various concrete and clay masonry products and accessories in Kentucky and Tennessee.	Houchens Industries, Inc.
3/24/2021	National Concrete Accessories Canada Inc.	Manufactures and distributes concrete accessories.	White Cap Supply Canada, Inc.

NOTABLE M&A ACTIVITY – 2H 2021



Homebuilders and Contractors

Announced	Target Name	Target Business Description	Acquirer Name
	Watson Tate Savory, Inc.	Provides architecture design and planning, and project management services.	McMillan Pazdan Smith, LLC
	Irish Tower, LLC	Offers general construction, engineering, and project management services.	Apex Advanced Technology LLC
	PEDCO E & A Services, Inc	Provides engineering, architectural, and interior design services to clients in the Midwest.	IMEG Corp.
	JRCA Architects, Inc.	Provides architectural and interior design services.	Galloway & Company, Inc.
	JRCA Architects, Inc.	Provides architectural and interior design services.	Galloway & Company, Inc.
	Bowie Gridley Architects, P.L.L.C.	Offers design, crafting, and architectural services.	DLR Group KKE
	Dallas Mechanical Group, LLC	Offers construction, service, and maintenance solutions.	EMCOR Group, Inc.
	All operating assets of Petersen-Dean, Inc.	Offers installations for solar, roofing, fences, energy storage batteries, and EV chargers.	SolarJuice American, Inc.
	Century Homes Florida, LLC	Provides homebuilding services and offers quick-close homes, model homes, and floor plans.	Dream Finders Homes, LLC
	Raymond Harris And Associates Inc	Provides architectural design services.	Brr Architecture, Inc.

NOTABLE M&A ACTIVITY – 2H 2021



Lumber and Wood Manufacturers

Announced	Target Name	Target Business Description	Acquirer Name
9/1/2021	California TrusFrame LLC	Designs and manufactures prefabricated structural building components such as roof trusses, floor trusses, wall panels, and floor cassettes for commercial, residential, and multifamily construction.	Builders FirstSource, Inc.
8/19/2021	Western Millwork, Inc.	Manufacturers custom architectural millwork and commercial interior elements.	JBI Interiors, LLC
8/5/2021	Seneca Sawmill Company	Manufactures green and dry Douglas-fir dimension lumber and studs; dry Hem-fir studs; raw materials for sawmills; and bark, sawdust, and shavings, as well as forest biomass.	Sierra Pacific Industries, Inc.
8/2/2021	Ferche Millwork, Inc.	Manufactures and sells solid hardwood moldings and veneered millwork products for residential and commercial projects.	The Hoffmann Family Of Companies
7/12/2021	Independence Lumber, Inc.	Owns and operates sawmills that produce green and kiln-dried lumber.	Woodgrain Inc.
6/4/2021	Hixson Lumber Sales, Inc.	Provides lumber processing services and manufactures lumber products.	Doman Building Materials Group Ltd.
6/3/2021	Vinylbilt Windows and Doors Corp.	Designs and manufactures custom vinyl windows and patio doors for the remodeling and new construction markets.	Vinyl Window Designs Ltd.
4/30/2021	United Cabinet Company, LLC	Designs, manufactures, and sells wood cabinetry for kitchens.	Hyperion Capital Partners
2/22/2021	Net operating assets of Spartanburg Forest Products, Inc.	Supplies pressure-treated lumber, southern pine, engineered wood, and deck accessories in the U.S.	Sunbelt Forest Products Corporation
1/21/2021	Timber Creek Resource, LLC	Offers custom wood products, including wood boxes and crates, wood pallets and skids, plastic pallets, industrial and hardwood lumber, panel products, and corrugated tubing boxes.	FCA, LLC

NOTABLE M&A ACTIVITY – 2H 2021



Building Products Distributors

Announced	Target Name	Target Business Description	Acquirer Name
7/12/2021	Assets of DAICO Supply	Distributes building products, such as wallboard, steel framing, insulation, and related products.	L&W Supply Corporation
7/7/2021	All the assets of the Eastern Gypsum Operations of Builders FirstSource, Inc.	Supplies building materials, manufactured components, and construction services to professional homebuilders, subcontractors, remodelers, and consumers in the U.S.	L&W Supply Corporation
7/6/2021	Substantially all the assets of Simons Supply Co., Inc.	Distributes plumbing and heating products' distribution assets.	Winsupply Inc.
5/9/2021	Residential Design Services, LLC	Offers flooring, cabinetry, and countertop installations and design services.	Interior Logic Group Holdings IV, LLC
3/29/2021	Assets of Starr's Building Supply, Inc.	Engages in the distribution of building material, including steel studs, drywall, and stucco.	L&W Supply Corporation

BUILDING PRODUCTS CASE STUDY: Pro-Fab Group, Inc

Well-orchestrated, nimble M&A process resulted in an attractive purchase price from a financial buyer

Sell-Side Advisor



a portfolio company of



has been acquired by



Company Overview

- Pro-Fab is Eastern Canada's leading provider of premium, modular homes with 30+ years of history in delivering quality homes across Quebec, Ontario and Northeast U.S.
- The Company offers a complete finish and interior décor for homes, providing complete end-to-end service and products.
- Pro-Fab handles all homebuilding processes, including design, production, transportation and installation.
 - Diverse products and models allow for personal customization

Representative Top Selling Pro-Fab Models

Prince



Custom



Vienna



Tournesol



Mignonne



Turquoise



Emeraude



Urbana



Moka



Thoughtful Preparation and Efficient Sell-Side Process

- Duff & Phelps was engaged by Wynnchurch Capital Partners, the PE owner of Pro-Fab, to explore a potential sale through a broad process including both strategic and financial buyers.
- The deal went through a targeted marketing process, engaging several strategic and PE buyers.
- Kairos Capital Management, a Montreal-based PE firm, was selected as the acquirer for Pro-Fab. The selection was based on the competitive transaction terms offered and the firm's ability to provide strategic support and long-term capital resources necessary for Pro-Fab's development and expansion.

For more information, please contact:

United States

David Althoff

Global Head of Diversified Industrials M&A
+1 312 697 4625
david.althoff@duffandphelps.com

Eric Williams

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

Jeffrey McNamara

Director
+1 312 697 4638
jeffrey.mcnamara@duffandphelps.com

Canada

Howard E. Johnson

Managing Director
+1 416 597 4500
howard.johnson@duffandphelps.com

Devin Kennealy

Vice President
+1 416 361 6749
devin.kennealy@duffandphelps.com

Europe

Dafydd Evans

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

Paul Teuten

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

Andreas Stoecklin

Country Head of Germany
+49 69 719184 0
andreas.stoecklin@duffandphelps.com

About Duff & Phelps, A Kroll Business

For nearly 100 years, Duff & Phelps has helped clients make confident decisions in the areas of valuation, real estate, taxation and transfer pricing, disputes, M&A advisory and other corporate transactions. For more information, visit www.duffandphelps.com.

About Kroll

Kroll is the world's premier provider of services and digital products related to governance, risk and transparency. We work with clients across diverse sectors in the areas of valuation, expert services, investigations, cyber security, corporate finance, restructuring, legal and business solutions, data analytics and regulatory compliance. Our firm has nearly 5,000 professionals in 30 countries and territories around the world. For more information, visit www.kroll.com.

The material in this report is for information purposes only and is not intended to be relied upon as financial, accounting, tax, legal or other professional advice. This report does not constitute, and should not be construed as soliciting or offering any investment or other transaction, identifying securities for you to purchase or offer to purchase, or recommending the acquisition or disposition of any investment. Duff & Phelps does not guarantee the accuracy or reliability of any data provided from third-party resources. Although we endeavor to provide accurate information from third-party sources, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future.