

A low-angle photograph of a construction site. In the foreground, a large blue and white tower crane stands against a bright blue sky with scattered white clouds. To the right, a modern building with a glass facade is under construction, showing a grid of windows. The building's structure is partially obscured by a red semi-transparent banner that contains the main title and subtitle. The overall scene is one of active construction and modern architecture.

DUFF & PHELPS

Building Products and Materials

Winter 2021

Highlights

Despite economic uncertainty related to the COVID-19 pandemic, 2020 was a record-breaking year for the housing market.

New home sales increased 18.8% in 2020, while existing home sales rose 5.6% due to record low mortgage rates, favorable demographics and a shift in demand to suburban and rural markets.

Building permits and housing starts posted gains of 4.8% and 7.0%, respectively. In December 2020, new applications for building permits were up 17.3% from the prior year and 4.5% from the prior month, to levels not achieved since 2006.

Single-family starts drove the increase, rising 11.7% from 2019 to 2020, while multifamily starts were down 9.3% year over year.

Remodeling activity remains strong due to the upward trajectory of home sales, home equity and time spent at home. Spending for improvements and repairs to owner-occupied homes increased 3.5% in 2020 and will likely grow 3.8% in 2021.

Strong demand and low inventory levels drove home prices higher in 2020, with all cities reporting data in the 20-City Index notching gains on a year-over-year basis.

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

Finally, the performance of stock market indexes for homebuilders, building products manufacturers and building products distributors outperformed the S&P 500 over the past 12 months, reflecting investor confidence in the near-term future of the industry.

2020 BY THE NUMBERS



18.8% increase in new home sales



4.8% and 7.0% increase in building permits and housing starts, respectively



Record low 1.9-month supply of existing homes



9.5% YoY increase in the U.S. National Home Price Index



31.2% decrease in M&A activity over the prior year

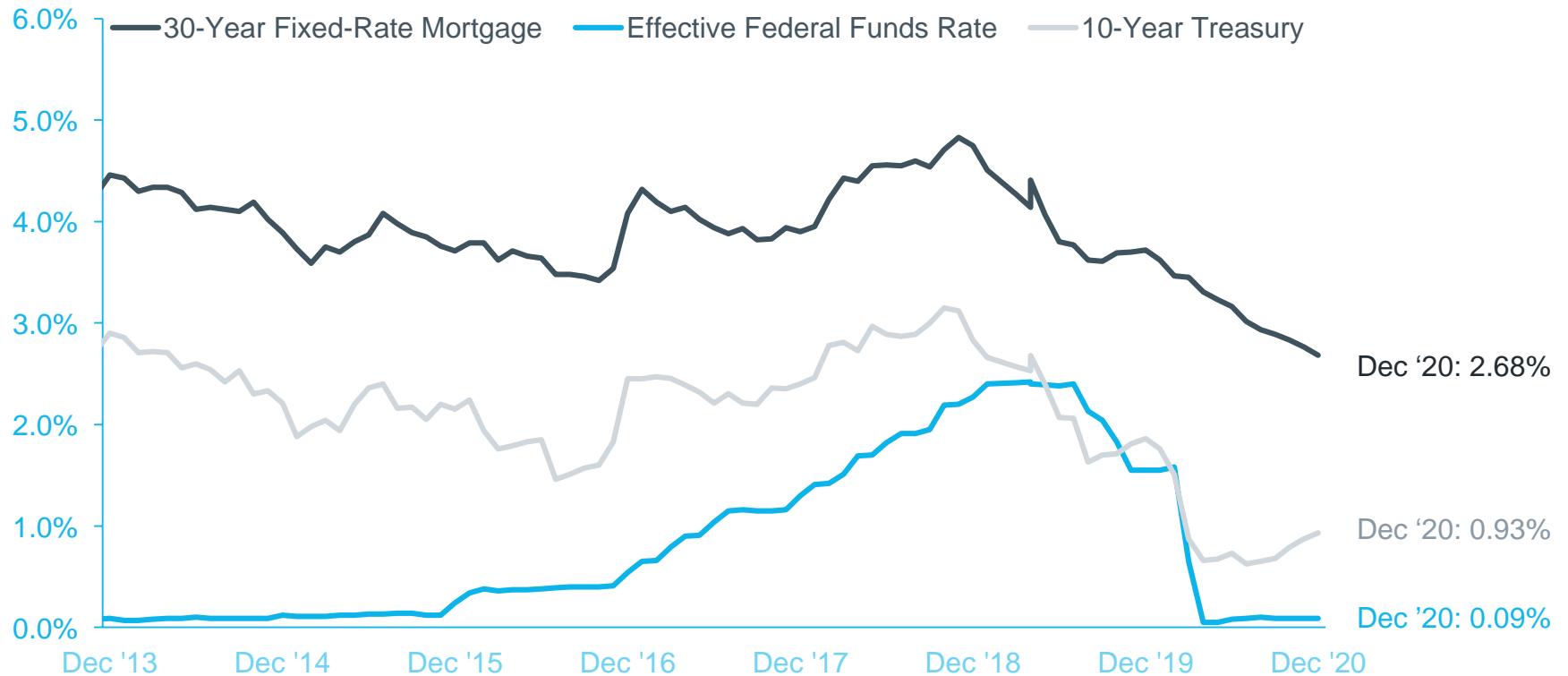
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Housing Indicators.

The 30-year mortgage rate declined to historical lows in 2020 after reaching an eight-year high of 5.05% in November 2018. Mortgage rates and the yield on the 10-year Treasury move in tandem, and both have been affected by the decline in the federal funds rate. The Federal Reserve lowered the target federal funds rate to almost 0% in March 2020 to boost the economy and combat the effects of the coronavirus pandemic. The Fed has indicated that it expects to keep interest rates low for the next several years.

Key Interest Rates

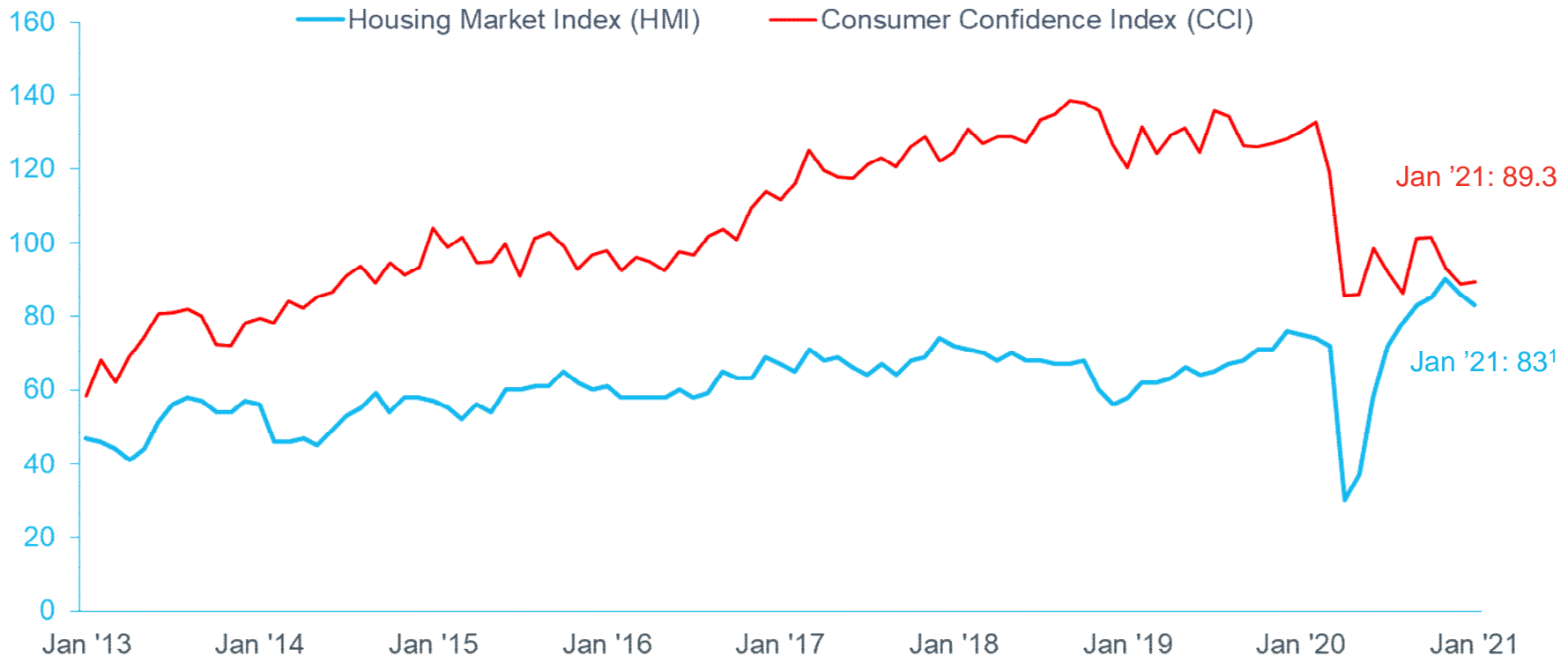


Housing Indicators

The Consumer Confidence Index (CCI) plummeted in 2020, reaching a seven-year low in April 2020 as the government required nonessential businesses to close in response to the COVID-19 pandemic. The CCI remained relatively volatile throughout 2020 and into 2021, with consumers weighing the benefits of government stimulus and vaccine rollouts against continued uncertainty around jobs, wages and near-term economic conditions.

The Housing Market Index (HMI), a measure of builder confidence, experienced significant declines in 2020 but recovered quickly, hitting an all-time high of 90 in November before moderating slightly. Current builder confidence is influenced by a low supply of existing homes and record-low mortgage rates.

Key Housing Indicators



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

Housing Starts Finish Year on a High Note ••

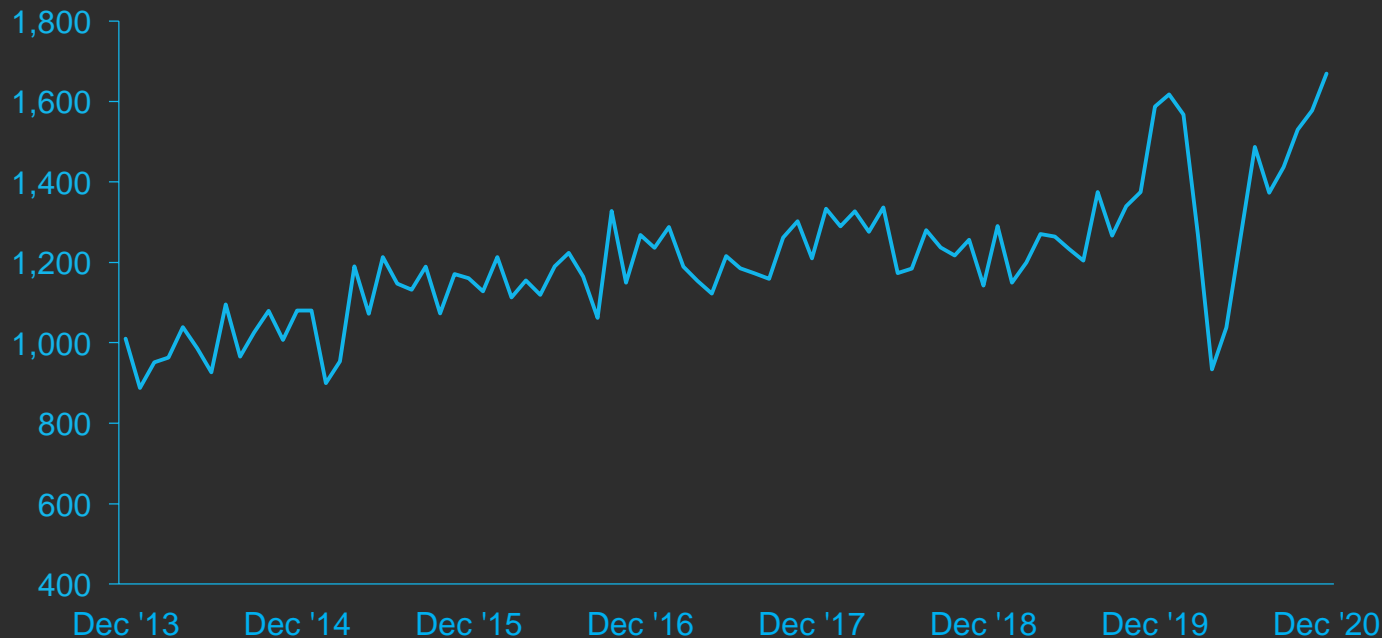
Housing starts in 2020 increased 7.0% over the prior year. In December 2020, housing starts rose at the fastest pace since 2006. The high level of activity was driven by a combination of record low inventory levels, homebuilder confidence and low mortgage rates. The Federal Reserve's monetary policy has helped push mortgage rates to record lows that are attracting more potential homebuyers and underpinning historically strong demand.

Single-family starts drove the increase, rising 11.7% from 2019 to 2020, while multifamily starts were down year over year.

National Housing Starts (thousands)

Full-Year 2020 Actual: 1,380 | YoY Δ : 7.0%

December 2020 Rate: 1,669 | MoM Δ : 5.8% | YoY Δ 5.2%

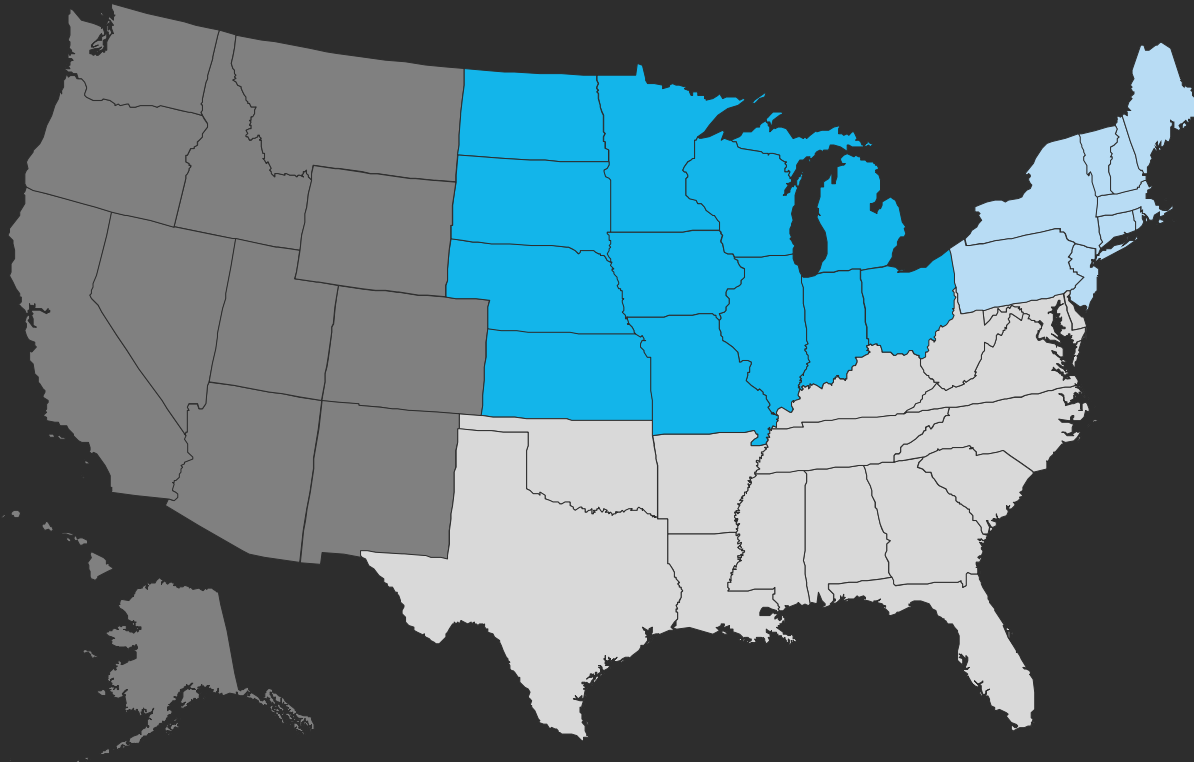


Housing Starts Finish Year on a High Note ••

In 2020, the Midwest region of the U.S. was the strongest performer, with a 13.2% increase in housing starts. Following several years of declines in housing starts, the Midwest region experienced growth in both multifamily and single-family starts. The South and Northwest regions also experienced an increase in housing starts in 2020, with growth rates of 7.5% and 6.2%, respectively.

The Northeast region experienced a 2.8% decline in housing starts driven by a 12.8% decline in multifamily housing starts in the region.

Regional Housing Starts (thousands)



- **Northeast Region**
2020 Housing Starts: 111.6
YoY Δ : (2.8%)
- **Midwest Region**
2020 Housing Starts: 191.7
YoY Δ : 13.2%
- **West Region**
2020 Housing Starts: 340.8
YoY Δ : 6.2%
- **South Region**
2020 Housing Starts: 736.2
YoY Δ : 7.5%

Building Permits Accelerate in the Second Half of 2020



Building permits, a bellwether for future construction, outpaced housing starts in 2020. In total, an estimated 1,452,000 housing units were authorized by building permits in 2020, representing a 4.8% increase from 2019.

In December, new applications for building permits were up 17.3% from the prior year and up 4.5% from the prior month, to a seasonally adjusted annual rate of 1,709,000.

Permits for single-family homes rose 13.3% to historically high levels in 2020, while permits for multifamily homes declined 9.3%.

National Building Permits New Housing Units (thousands)

Full-Year 2020 Actual: 1,452 | YoY Δ : 4.8%

December 2020 Rate: 1,709 | MoM Δ : 4.5% | YoY Δ : 17.3%



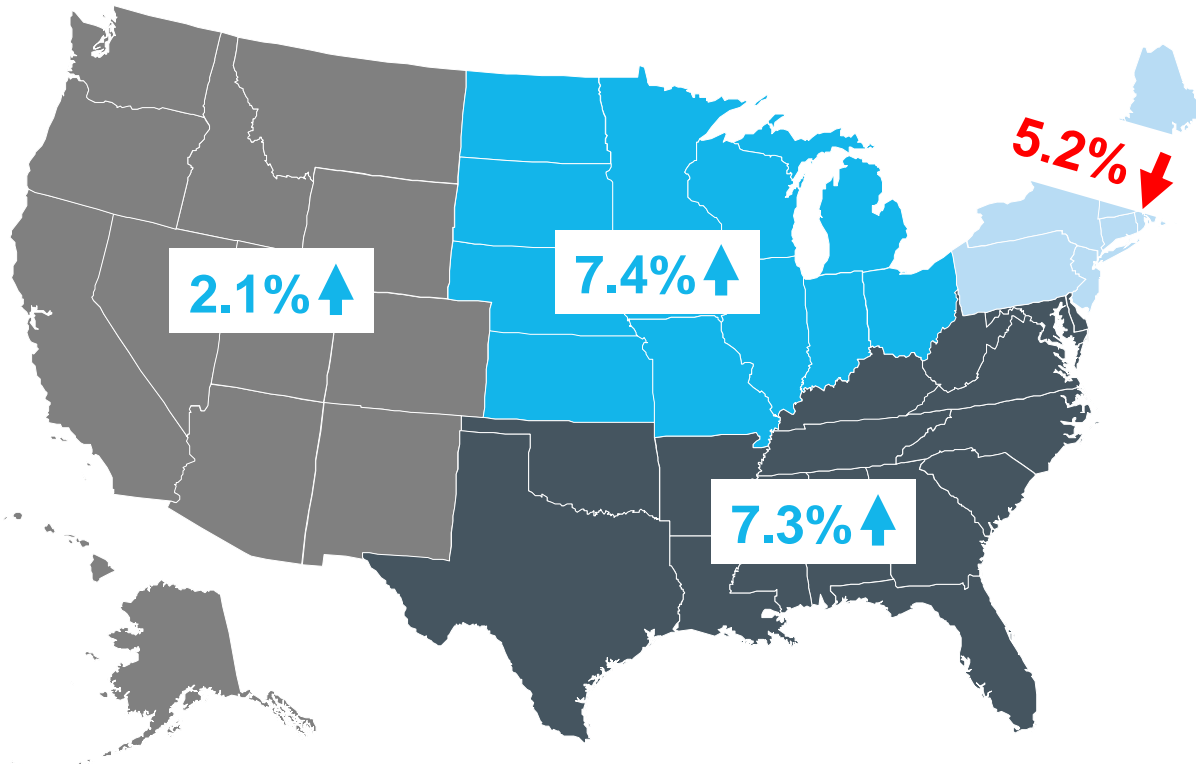
Building Permits Accelerate in the Second Half of 2020



Consistent with housing starts, the Midwest, South and West regions witnessed strong building permit activity in 2020. Single-family home permits drove the growth in these regions, while multifamily home permits declined year over year in all four regions.

Permits for future homebuilding typically starts by one to two months. The housing market is being supported by low mortgage rates and a transition from urban to suburban locations.

Regional Building Permits (thousands)



- Northeast Region**
2020 Building Permits: 133.9
YoY Δ: (5.2%)
- Midwest Region**
2020 Building Permits: 198.5
YoY Δ: 7.4%
- West Region**
2020 Building Permits: 357.1
YoY Δ: 2.1%
- South Region**
2020 Building Permits: 762.5
YoY Δ: 7.3%

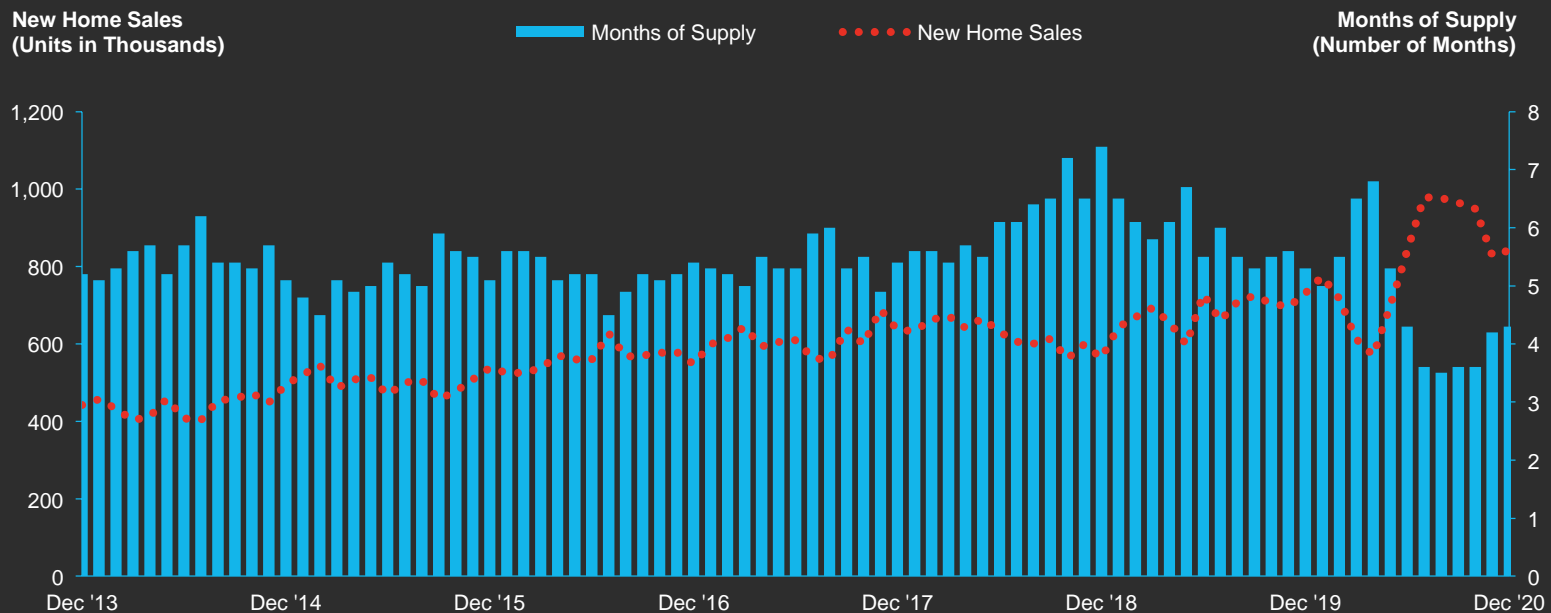
Home Sales Rise and Inventory Levels Decline ●●

An estimated 811,000 new homes were sold in 2020. This is 18.8% above the 2019 figure of 683,000. Inventory is at an all-time low, with 23% fewer homes for sale in December 2020 than December 2019.

The seasonally adjusted estimate of new houses for sale at the end of December was 302,000. This represents a supply of 4.3 months at the current sales rate, well below the 10-year average supply of 5.4 months.

As new home sales outpace supply and input costs increase, home prices are likely to continue to rise in 2021.

New Home Sales and Supply



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 Rise and Inventory Levels Decline ●●

Existing home sales, which account for the majority of the housing market, totaled 5.64 million in 2020, up 5.6% from 2019 and reached the highest level since the 2006 pace of 6.48 million.

Housing inventory sank to historic lows, with 1.07 million homes available for sale at the end of December 2020, representing a 1.9-month supply.

The inventory of existing homes at the end of December represented a 36.7% drop from the same period a year ago and its lowest level since the National Association of Realtors began tracking the data in 1999.

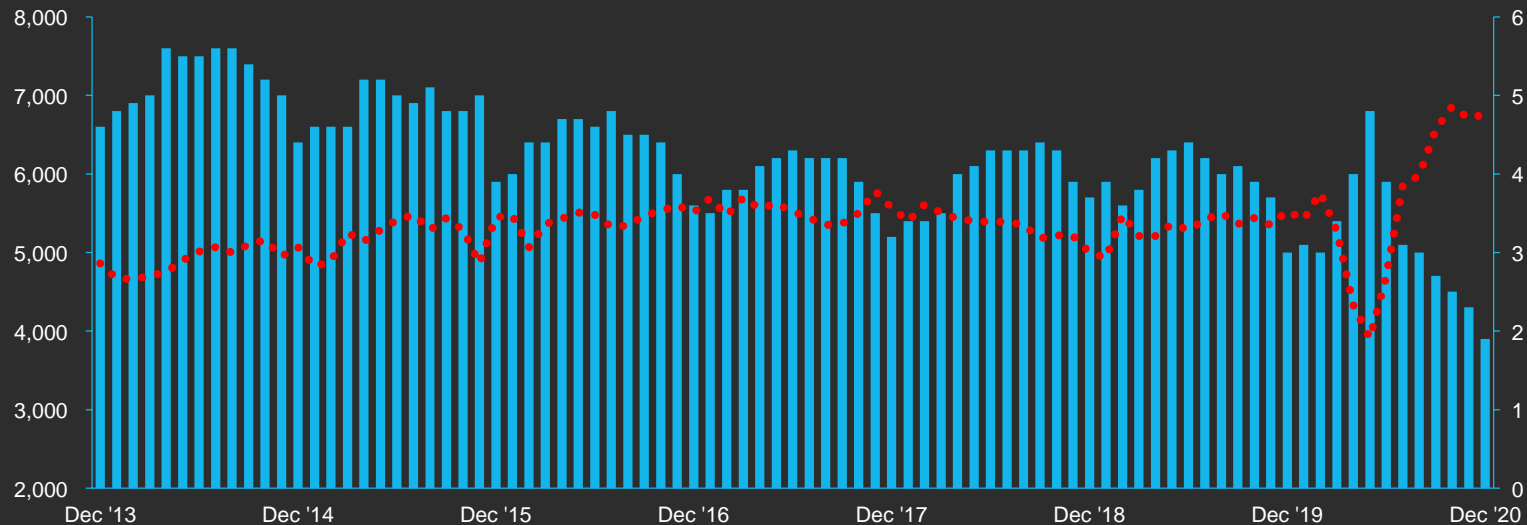
Existing Home Sales and Supply

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

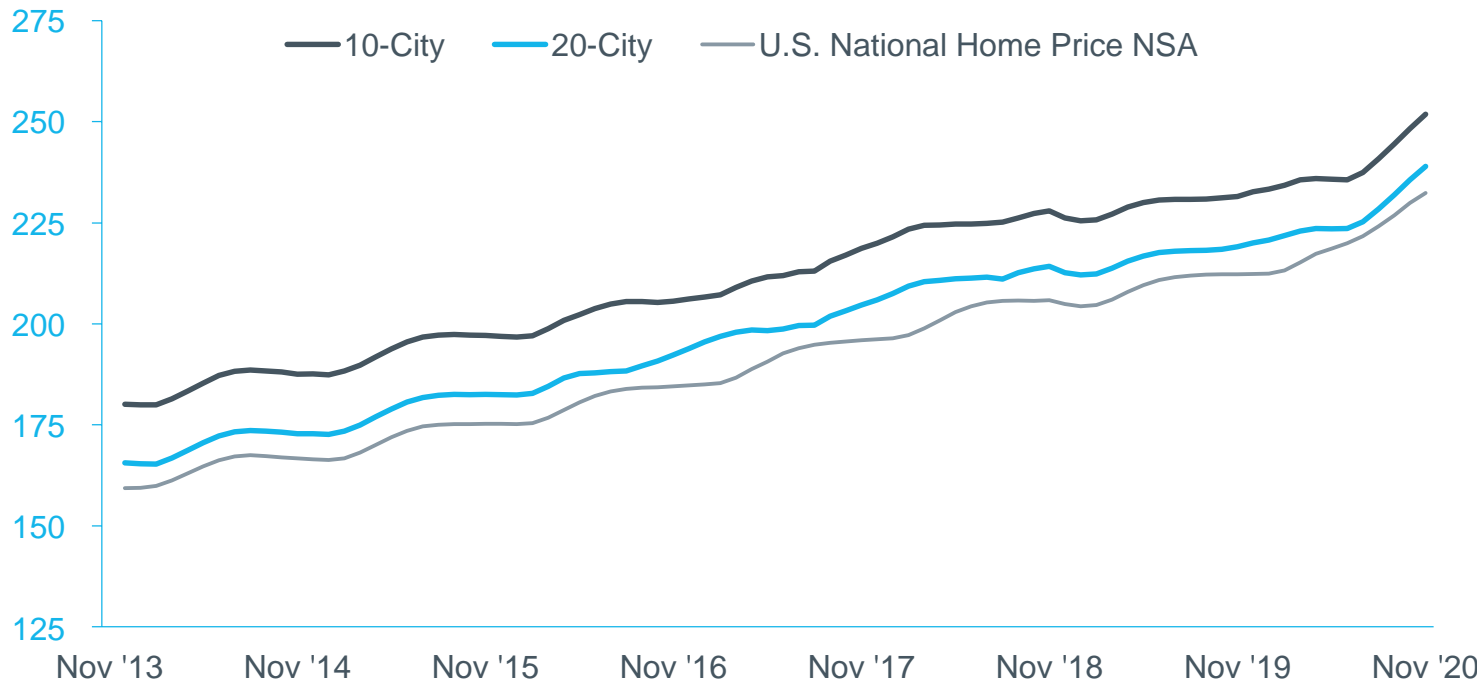
U.S. Home Prices Continue to Rise •◦

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 9.5% in November 2020 from the prior year and 8.4% from the prior month. November 2020 marked the highest annual rate of price growth since February 2014.

The Case-Shiller 10-city index increased 8.8% in November 2020 over the prior year while the 20-city index rose 9.1%.

Increases in these indexes have likely been boosted by attractive mortgage rates, strong home buyer demand and record low supply of available homes.

S&P CoreLogic Case-Shiller Home Price Indices*



*The S&P CoreLogic Case-Shiller Home Price Indices are not seasonally adjusted, calculated monthly using a three-month moving average and published with a two-month lag. Source: S&P Dow Jones Indices LLC

Monthly, Indexed to January 2000

U.S. Home Prices Continue to Rise

Home prices continue to increase across the U.S., with all 19 metropolitan areas reporting data to the 20-City S&P CoreLogic Case-Shiller Index experiencing year over year and month over month increases in home prices for the period ended November 2020.

Phoenix, Seattle, San Diego and Boston experienced the largest year over year appreciation in home prices, with increases of over 10.0%. Detroit experienced delays in data reporting due to COVID-19 and therefore was not included in the index.

A trend of accelerating home prices began in June 2020 and continued through the end of the year, initiated by buyer demand and a record low supply of homes for sale.

Regional Home Price Indices*

November 2020 – 10-City Composite		
Metropolitan Area	MoM % Δ	YoY % Δ
San Diego	0.9%	12.3%
Boston	1.4%	10.4%
Washington, D.C.	1.1%	9.1%
Los Angeles	0.9%	9.1%
San Francisco	0.6%	8.3%
New York	1.8%	8.2%
Denver	1.0%	8.1%
Miami	1.3%	7.9%
Chicago	0.4%	7.5%
Las Vegas	0.7%	6.7%
10-City Composite	1.4%	8.8%

November 2020 – 20-City Composite		
Metropolitan Area	MoM % Δ	YoY % Δ
Phoenix	1.3%	13.8%
Seattle	0.9%	12.7%
San Diego	0.9%	12.3%
Boston	1.4%	10.4%
Cleveland	0.1%	9.8%
Tampa	1.4%	9.5%
Portland	0.7%	9.5%
Charlotte	1.1%	9.4%
Minneapolis	0.7%	9.4%
Washington, D.C.	1.1%	9.1%
Los Angeles	0.9%	9.1%
San Francisco	0.6%	8.3%
New York	1.8%	8.2%
Denver	1.0%	8.1%
Atlanta	1.2%	7.9%
Miami	1.3%	7.9%
Chicago	0.4%	7.5%
Dallas	0.8%	7.2%
Las Vegas	0.7%	6.7%
Detroit ¹	N/A	N/A
20-City Composite	1.4%	9.1%

*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 2020 Likely to Continue in 2021

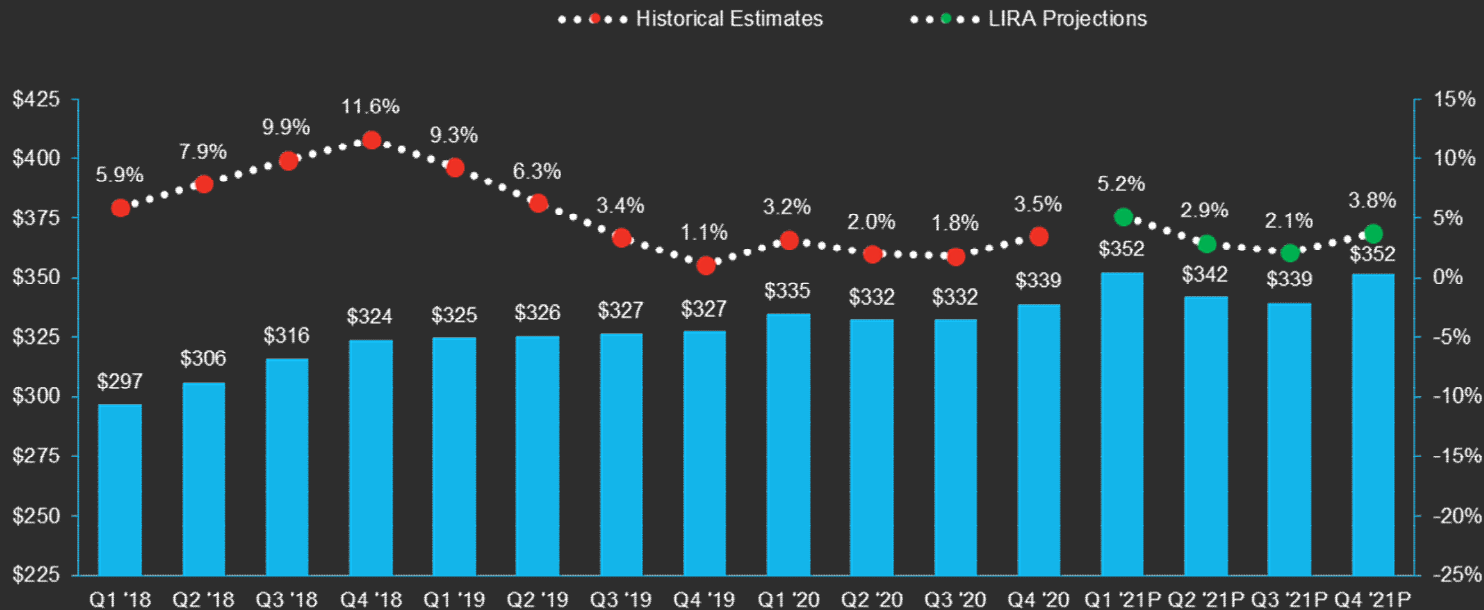
Based on the Leading Indicator of Remodeling Activity (LIRA*), spending for improvements and repairs to owner-occupied homes increased 3.5% in Q4 2020 and will likely increase 5.2% in Q1 2021.

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 2021 as the broader economy recovers.

Leading Indicator of Remodeling Activity (LIRA)*

Homeowner Improvements and Repairs
Four-Quarter Moving Totals (\$ in billions)

Four-Quarter Moving
Rate of Change



*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. As of April 21, 2016, the LIRA has undergone a major rebenchmarking and recalculation to better forecast a broader segment of the national residential remodeling market. Source: Joint Center for Housing Studies of Harvard University

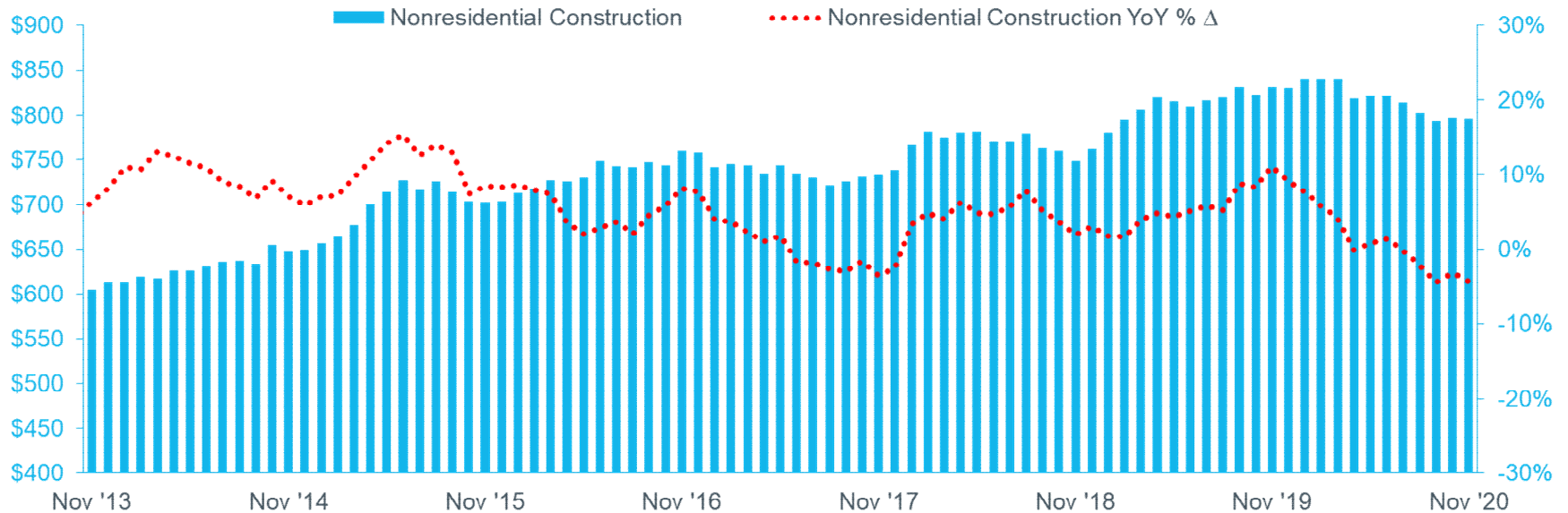
Nonresidential Construction Activity Weakened

In December 2020, nonresidential construction was at a seasonally adjusted annual rate of \$790.2 billion, a decrease of 4.8% over the same period a year ago. The declines in 2020 were broad-based and were apparent in private construction segments, including manufacturing, lodging and power sectors.

Nonresidential construction activity in the private sector was down 9.8% while nonresidential construction in the public sector increased 2.0% in 2020.

The outlook for U.S. nonresidential construction is mixed, with expectations for a continued pullback in office and lodging construction offset by confidence in the economy following vaccine rollouts and continued low interest rates.

Nonresidential Construction Put in Place (\$ in billions)

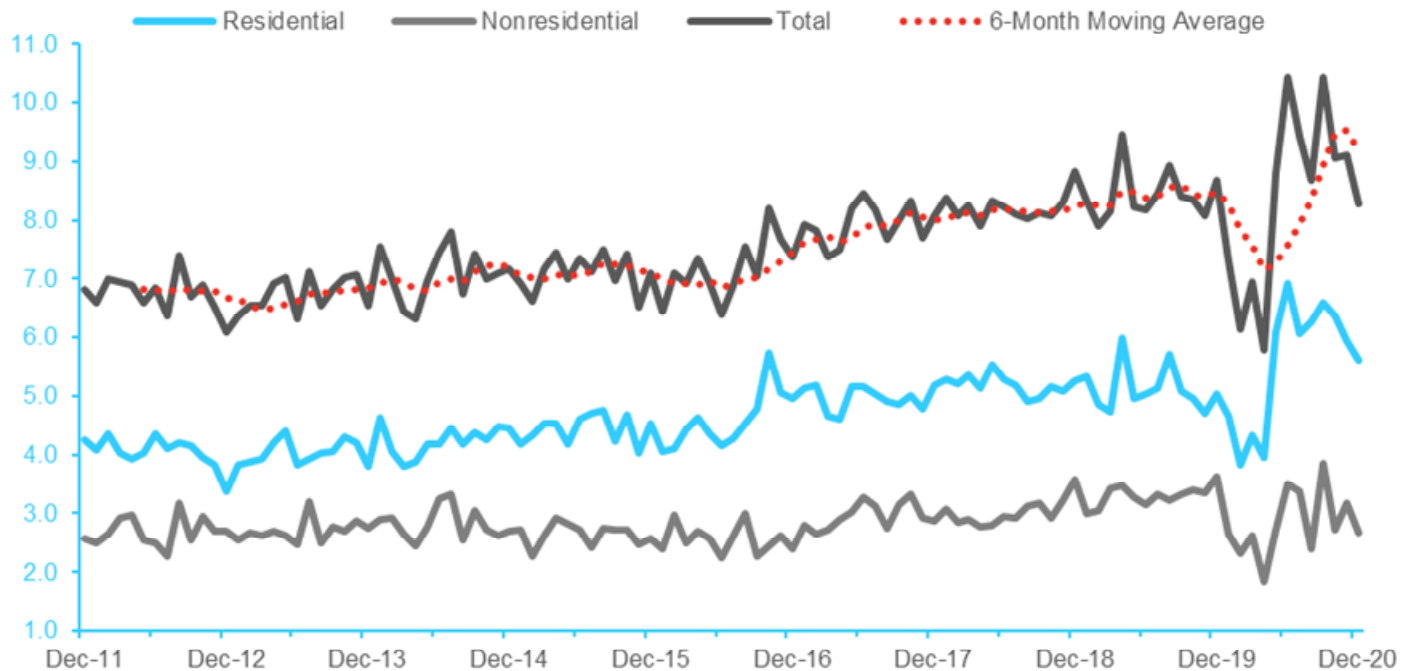


Canadian Building Market—Permits and Starts

The number of seasonally adjusted new building permit applications in Canada decreased slightly in 2020 compared to the previous year, largely due to the impact of COVID-19. This decline was led by nonresidential permits (down 14.6%), which saw decreases due to provincial lockdown restrictions and slowed economic activity. This was buffered by a significant increase in residential permits (up 8.4%), as housing demand remained high and home construction remained an “essential service” by governments.

Nonresidential permits saw a decrease in all three ICI sectors (industrial, commercial and institutional), with the pandemic slowing projects that were not housing related. Commercial permits saw the biggest decline (down 19.3%), followed by industrial (down 14.5%) and institutional/governmental (down 3.0%).

Authorized Building Permits (C\$ in billions)

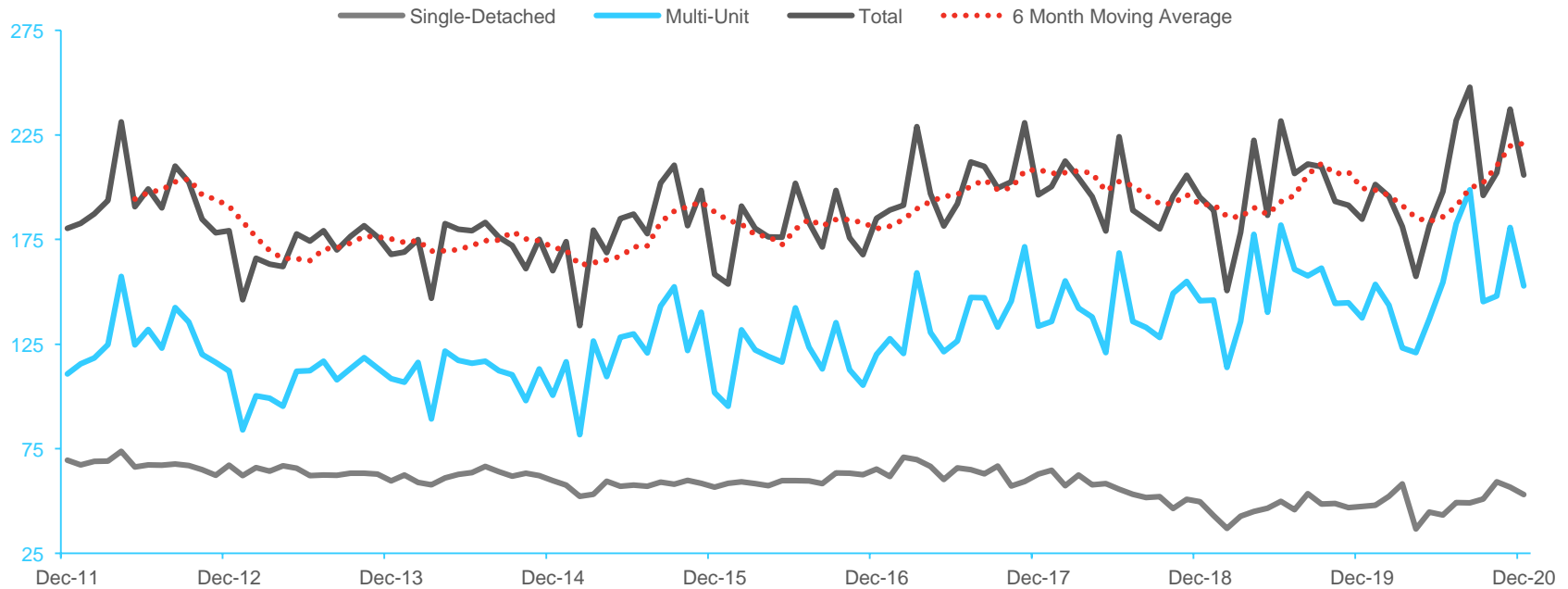


Canadian Building Market—Permits and Starts

Canadian housing starts increased by 3.6% year over year in 2020, despite pandemic-induced declines in the early months of the year. Canadian residential construction was largely deemed essential through lockdowns, and housing starts have registered steady gains since May 2020.

Single-detached and semidetached housing starts drove much of this increase (rising 8.4% and 15.1%, respectively), as construction of larger, more spacious homes remained in demand throughout the pandemic. Building starts of multi-unit residences held up as well, with apartments increasing by 3.6% year over year.

Housing Starts (Units in thousands)

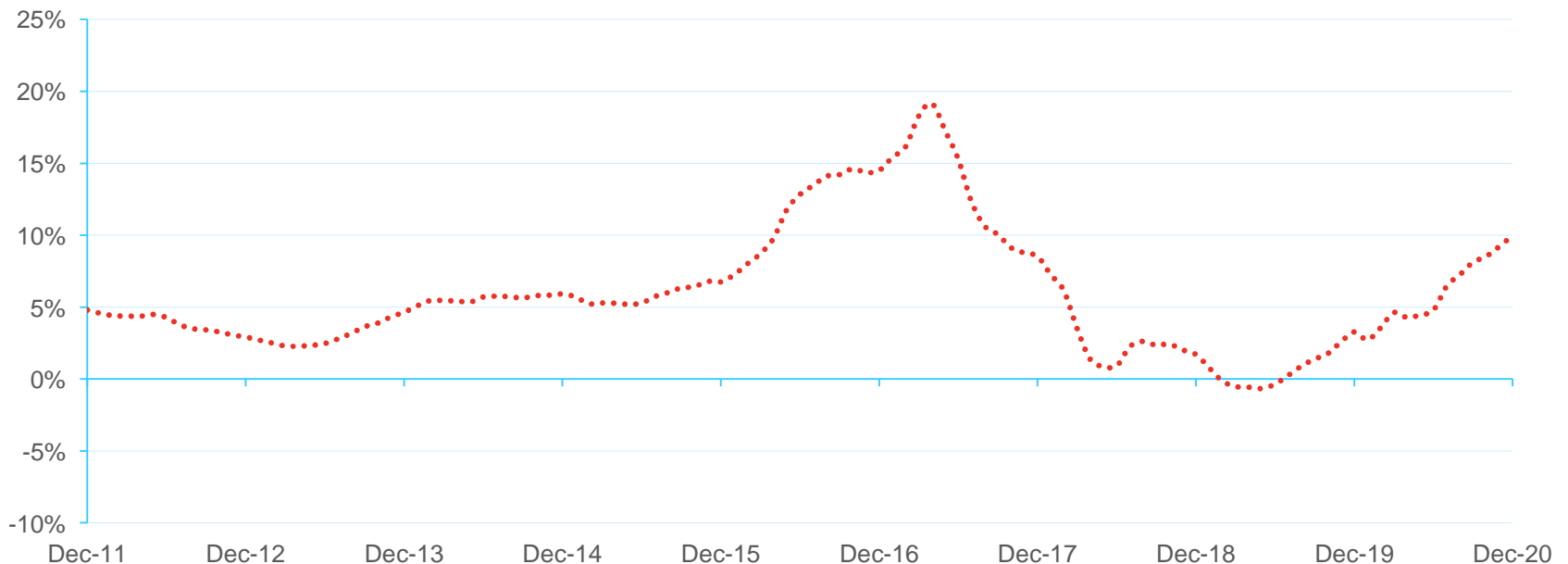


Canadian Housing Market—Existing Prices

While COVID-19 caused disruption in the Canadian housing market in the spring of 2020, average prices were bolstered by tight supply-demand dynamics and increased turnover as homeowners sought out more living space. In December 2020, the Multiple Listing Service Home Price Index increased by 10% year over year. Benchmark prices were largely driven by single-family homes and townhouses (up 13.4% and 9.4%, respectively, YoY in December) as buyers opted for larger house footprints, while price growth in apartments was more muted at 1.3%.

Royal Bank of Canada expects average home prices to continue to climb in 2021 by 8.4%, driven by low interest rates, evolving housing needs, elevated household savings and improving consumer confidence.

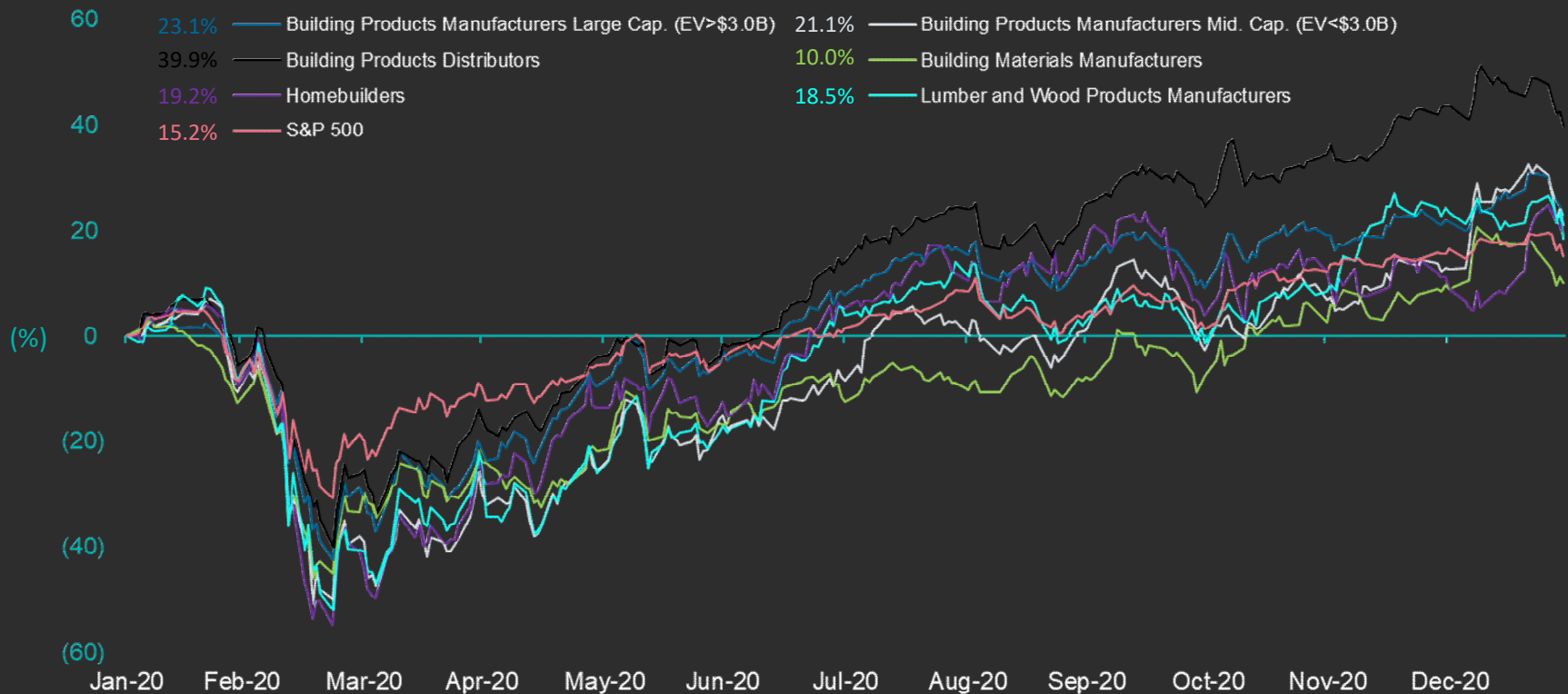
MLS HPI Benchmark Price (year-over-year % change)



Stock Prices Signaling Investor Confidence

Over the past 12 months, five sectors within the building products and materials industry outperformed the S&P 500. The Building Products Distributors index posted the best performance, followed by the Large-Cap and Mid-Cap Building Products Manufacturers' indexes. The relative outperformance of the sector is likely due to strong housing market activity and an increase in home remodeling projects during the COVID-19 pandemic. On the other hand, the Building Materials Manufacturers index underperformed the S&P 500 but still posted a positive 10.0% performance for the year.

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

(\$ in millions except share price data)

Company	Stock Price 2/5/21	% of 52-Wk High	Market Value	Enterprise Value	Enterprise Value as a Multiple of					LTM
					Revenue		EBITDA		LTM	EBITDA Margin
					LTM	2021P	2021P	2022P		
Building Products Manufacturers Large Cap. (EV>\$3.0B)										
Masco Corporation	\$56.42	93.8%	\$14,934	\$16,743	2.40x	2.35x	12.2x	11.6x	11.6x	19.7%
James Hardie Industries plc	30.07	96.7%	13,938	14,928	5.63x	5.45x	23.0x	21.7x	19.2x	24.4%
Fortune Brands Home & Security, Inc.	88.53	94.8%	12,722	14,875	2.44x	2.14x	14.7x	12.4x	11.5x	16.6%
Trex Company, Inc.	99.99	95.8%	11,977	11,995	14.68x	13.81x	NM	NM	NM	29.0%
Lennox International Inc.	274.26	85.8%	10,866	11,915	3.28x	3.10x	21.2x	18.7x	17.3x	15.5%
Owens Corning	82.15	93.5%	9,154	11,798	1.73x	1.71x	9.5x	9.3x	8.2x	18.2%
Cornerstone Building Brands, Inc.	11.83	87.1%	1,579	4,907	1.05x	1.07x	8.3x	8.2x	7.9x	12.7%
Armstrong World Industries, Inc.	81.58	73.2%	3,979	4,593	4.86x	4.94x	16.1x	14.1x	13.4x	30.1%
Acuity Brands, Inc.	121.09	89.3%	4,448	4,517	1.38x	1.36x	9.6x	9.2x	8.2x	14.3%
Simpson Manufacturing Co., Inc.	100.17	94.6%	4,496	4,302	3.48x	3.44x	15.2x	14.5x	14.8x	22.9%
Masonite International Corporation	107.74	97.4%	2,729	3,372	1.55x	1.53x	10.6x	9.4x	8.3x	14.6%
Gibraltar Industries, Inc.	94.49	91.7%	3,159	3,002	2.67x	2.62x	20.8x	19.8x	14.6x	12.9%
Median		93.6%			2.56x	2.49x	14.7x	12.4x	11.6x	17.4%
Mean		91.1%			3.76x	3.63x	14.7x	13.5x	12.3x	19.2%
Building Products Manufacturers Mid. Cap. (EV<\$3.0B)										
Griffon Corporation	24.41	88.7%	1,415	2,391	0.97x	0.96x	9.3x	9.3x	8.4x	10.4%
American Woodmark Corporation	94.04	79.9%	1,628	2,206	1.35x	1.33x	10.5x	9.5x	8.7x	12.9%
Apogee Enterprises, Inc.	36.94	95.2%	983	1,162	0.92x	0.93x	9.3x	8.5x	7.7x	9.9%
Quanex Building Products Corporation	24.61	92.6%	832	950	1.12x	1.11x	9.2x	9.1x	8.3x	12.1%
Median		90.6%			1.04x	1.04x	9.3x	9.2x	8.4x	11.3%
Mean		89.1%			1.09x	1.08x	9.6x	9.1x	8.3x	11.3%

Source: Capital IQ, which includes the most actively traded companies for the respective covered sectors

Public Companies' Trading Statistics

(\$ in millions except share price data)

Company	Stock Price 2/5/21	% of 52-Wk High	Market Value	Enterprise Value	Enterprise Value as a Multiple of					LTM EBITDA Margin
					Revenue		EBITDA			
					LTM	2021P	LTM	2021P	2022P	
Building Products Distributors										
Ferguson plc	\$119.51	91.5%	\$27,092	\$29,597	1.36x	1.35x	16.1x	14.5x	12.6x	8.4%
Pool Corporation	359.32	89.5%	14,433	14,895	4.05x	3.92x	33.0x	31.2x	27.7x	12.3%
Watsco, Inc.	242.23	91.5%	9,024	9,476	1.91x	1.89x	23.8x	22.6x	21.3x	8.0%
Builders FirstSource, Inc.	42.59	98.0%	5,071	6,618	0.85x	0.78x	12.7x	10.3x	5.6x	6.7%
Beacon Roofing Supply, Inc.	42.26	95.3%	3,032	6,020	0.87x	0.85x	13.6x	11.7x	11.0x	6.4%
BlueLinx Holdings Inc.	40.98	99.0%	407	1,033	0.36x	0.35x	7.9x	6.7x	10.3x	4.6%
CanWel Building Materials Group Ltd.	6.29	98.6%	485	765	0.68x	0.62x	9.9x	7.2x	8.0x	6.8%
Hardwoods Distribution Inc.	23.81	99.5%	504	651	0.71x	0.67x	13.2x	8.9x	8.2x	5.4%
Huttig Building Products, Inc.	4.00	87.7%	112	250	0.32x	NA	22.5x	NA	NA	1.4%
Goodfellow Inc.	6.29	93.4%	54	86	0.26x	NA	6.5x	NA	NA	3.9%
	Median	94.4%			0.78x	0.82x	13.4x	11.0x	10.7x	6.5%
	Mean	94.4%			1.13x	1.30x	15.9x	14.1x	13.1x	6.4%
Building Materials Manufacturers										
LafargeHolcim Ltd	\$55.49	93.9%	\$34,331	\$49,297	1.92x	1.89x	9.7x	7.6x	7.4x	19.7%
CRH plc	42.72	90.0%	33,332	42,555	1.54x	1.46x	10.1x	8.9x	8.6x	15.2%
HeidelbergCement AG	74.37	88.7%	14,839	27,472	1.36x	1.28x	8.5x	6.1x	6.2x	16.1%
Vulcan Materials Company	152.94	90.9%	20,431	23,077	4.74x	4.76x	18.0x	17.7x	17.2x	26.4%
Martin Marietta Materials, Inc.	297.60	93.3%	18,739	21,724	5.00x	4.68x	17.0x	16.1x	16.4x	29.4%
CEMEX, S.A.B. de C.V.	0.64	97.9%	9,410	21,560	1.70x	1.70x	11.0x	8.9x	8.2x	15.4%
Eagle Materials Inc.	117.34	98.7%	4,991	5,899	3.62x	3.50x	12.0x	10.2x	9.4x	30.1%
Titan Cement International S.A.	16.84	74.8%	1,351	2,303	1.22x	1.18x	7.0x	6.6x	6.7x	17.4%
U.S. Concrete, Inc.	48.90	84.4%	800	1,595	1.14x	1.15x	9.2x	8.4x	8.2x	12.4%
	Median	90.9%			1.70x	1.70x	10.1x	8.9x	8.2x	17.4%
	Mean	90.3%			2.47x	2.40x	11.4x	10.1x	9.8x	20.2%

Public Companies' Trading Statistics

(\$ in millions except share price data)

Company	Stock Price 2/5/21	% of 52-Wk High	Market Value	Enterprise Value	Enterprise Value as a Multiple of					LTM EBITDA Margin
					Revenue		EBITDA			
					LTM	2021P	LTM	2021P	2022P	
Homebuilders										
Lennar Corporation	\$90.96	99.7%	\$29,064	\$33,976	1.51x	1.30x	10.6x	7.7x	7.2x	14.2%
D.R. Horton, Inc.	80.02	96.1%	30,173	32,371	1.46x	1.19x	9.1x	6.7x	6.1x	16.0%
NVR, Inc.	4,668.41	99.5%	17,520	16,396	2.17x	1.74x	14.4x	10.5x	10.0x	15.1%
PulteGroup, Inc.	48.13	95.8%	13,098	13,840	1.25x	1.02x	7.5x	5.8x	5.5x	16.7%
Toll Brothers, Inc.	53.62	97.8%	6,759	9,523	1.35x	1.34x	14.0x	10.7x	8.5x	9.6%
KB Home	42.55	97.3%	4,131	5,235	1.25x	0.89x	12.7x	6.5x	5.8x	9.9%
M.D.C. Holdings, Inc.	58.85	99.2%	3,942	4,812	1.23x	0.91x	9.9x	6.3x	5.5x	12.4%
Meritage Homes Corporation	87.00	74.3%	3,392	3,667	0.81x	0.78x	6.5x	5.4x	4.4x	12.4%
M/I Homes, Inc.	52.47	94.5%	1,611	2,275	0.75x	0.66x	6.6x	NA	NA	11.2%
Hovnanian Enterprises, Inc.	48.25	88.0%	276	1,824	0.78x	NA	12.7x	NA	NA	6.1%
Beazer Homes USA, Inc.	19.27	94.0%	594	1,497	0.70x	0.69x	13.4x	7.0x	NA	5.2%
	Median	96.1%			1.25x	0.96x	10.6x	6.7x	5.9x	12.4%
	Mean	94.2%			1.21x	1.05x	10.7x	7.4x	6.6x	11.7%
Lumber and Wood Products Manufacturers										
Weyerhaeuser Company	\$34.40	99.1%	\$26,278	\$31,258	4.15x	3.82x	16.0x	12.2x	15.6x	26.0%
West Fraser Timber Co. Ltd.	69.04	98.6%	8,686	8,978	2.26x	1.98x	14.8x	8.7x	4.3x	15.3%
Louisiana-Pacific Corporation	41.73	99.2%	4,608	4,579	1.86x	1.70x	9.3x	6.2x	5.9x	20.0%
UFP Industries, Inc.	61.06	95.1%	3,838	3,879	0.82x	0.78x	10.2x	9.9x	9.1x	8.0%
Canfor Corporation	21.70	99.7%	2,661	3,467	0.93x	0.83x	7.5x	4.7x	4.1x	12.5%
Boise Cascade Company	50.00	93.8%	2,000	2,041	0.40x	0.38x	5.8x	5.2x	6.7x	6.9%
	Median	98.8%			1.40x	1.26x	9.7x	7.4x	6.3x	13.9%
	Mean	97.6%			1.74x	1.58x	10.6x	7.8x	7.6x	14.8%

Source: Capital IQ, which includes the most actively traded companies for the respective covered sectors

2H 2020 M&A Activity Experiences Decline from 2H 2019

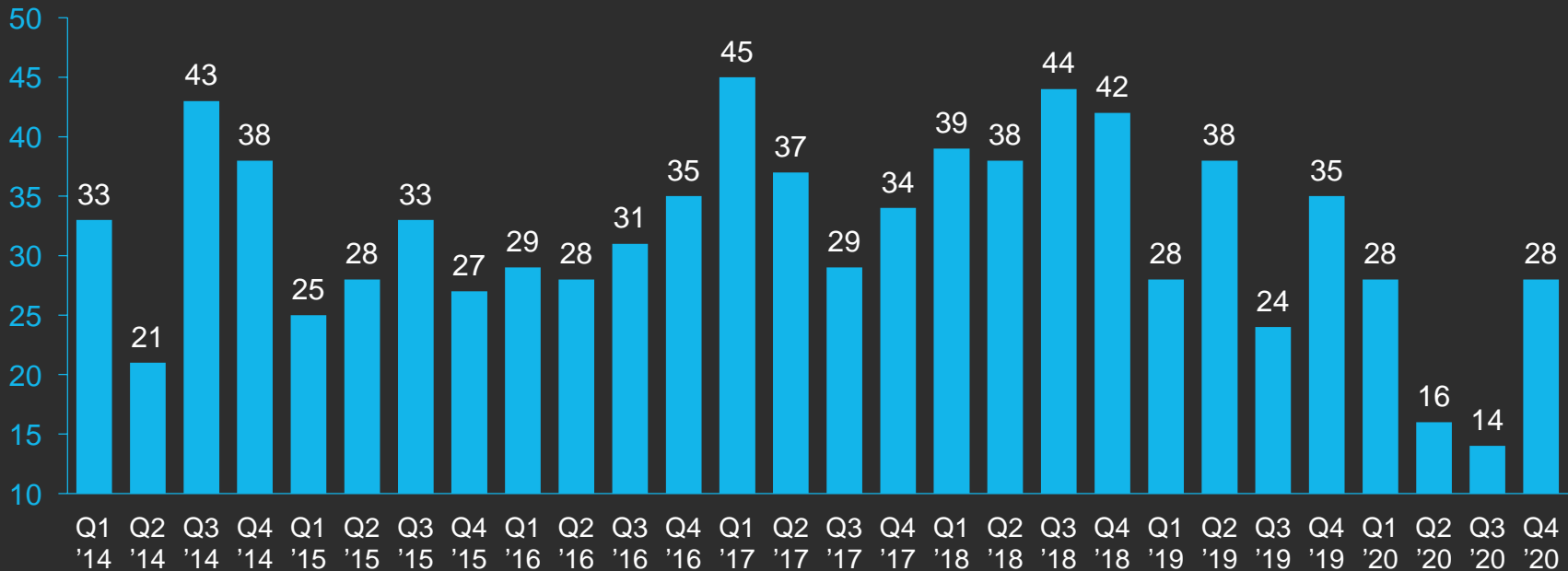
M&A activity in the sector declined in 2020, with 86 completed transactions involving target companies headquartered in the U.S. or Canada.

Activity in 2020 was down 31.2% relative to 2019, and the second half of 2020 was down 4.5% from the first half of 2020.

The large decline in transaction activity occurred during the beginning of COVID-19, which carried into Q3.

Transaction volume increased in Q4 2020 with more willing sellers and private equity firms and strategic buyers deploying capital to effect transactions.

Building Products and Materials M&A Trends



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

Notable M&A Activity—2H 2020



Date Announced	Target	Target Country	Acquirer	Target Business Description
Building Products Distributors				
Dec-20	SSJS, INC.	U.S.	Slate Capital Group	Operates as a metal decking supplier for commercial, residential, industrial, government and healthcare industries
Dec-20	Mid-State Lumber Corporation	U.S.	U.S. Lumber Group, LLC	Distributes lumber and wood products to independent retail lumber dealers in the Northeast U.S.
Nov-20	HD Supply Holdings, Inc.	U.S.	The Home Depot, Inc.	Distributor of maintenance, repair and operations products in the multifamily and hospitality markets
Nov-20	Foundation Building Materials, Inc.	U.S.	American Securities LLC	Offers wallboard, suspended ceiling system and metal framing products in the U.S. and Canada
Nov-20	US LBM Holdings, Inc.	U.S.	Bain Capital Private Equity, LP	Supplies specialty building materials to homebuilders, professional remodelers and contractors
Nov-20	PrimeSource Building Products, Inc.	U.S.	Clearlake Capital Group, L.P.	Distributes fasteners and building materials
Nov-20	Powrmatic du Canada Ltée	Canada	Groupe Deschênes Inc.	Distributes and sells heating, air conditioning, stoves, fireplaces, electrical products and related replacement parts
Oct-20	Constructive Resource Group Corp.	U.S.	Unified Door and Hardware Group LLC	Operates as a distributor of doors and hardware for education, healthcare, government and residential markets
Sep-20	RSI Building Products LLC	U.S.	SRS Distribution Inc.	Distributes building supply products
Aug-20	BMC Stock Holdings, Inc.	U.S.	Builders FirstSource, Inc.	One of the nation's leading providers of diversified building materials and solutions to new construction builders and professional remodelers in the U.S.
Aug-20	Huttig Building Products, Inc.	U.S.	Mill Road Capital Management LLC	Distributes millwork and building materials for new residential construction, remodeling and repair work
Aug-20	Newport Distribution, Inc.	U.S.	Kendell Doors & Hardware, Inc.	Supplies door opening and specialty products with services for the commercial construction industry
Aug-20	Maner Builders Supply Company LLC	U.S.	US LBM Holdings, Inc.	Sells, delivers and installs building and construction materials for commercial and residential projects
Aug-20	Alpine Sales, Inc.	U.S.	Wilsonart LLC	Operates as a wholesale distributor of laminate and solid surfacing to the building and remodeling industry
Jul-20	A.L.L. Roofing Materials of San Jose, LLC	U.S.	SRS Distribution Inc.	Offers roofing and building materials

Notable M&A Activity—2H 2020



Date Announced	Target	Target Country	Acquirer	Target Business Description
Building Products Manufacturers				
Dec-20	Assets of Kraus	U.S.	Masco Corporation of Indiana Inc.	Comprises the business of plumbing fixtures for kitchens and bathrooms
Dec-20	Sunrise Windows & Doors, Ltd.	U.S.	MI Windows and Doors, LLC	Designs, manufactures, sells and services windows and doors
Dec-20	L.I.F. Industries Inc.	U.S.	Unified Door and Hardware Group LLC	Manufactures hollow metal doors and frames
Dec-20	Glass Technology Concepts LLC	U.S.	American Bath Group, LLC	Designs, manufactures and markets shower products
Dec-20	Metal Industries, Inc.	U.S.	Greenheck Fan Corporation	Manufactures and delivers products to the HVAC industry
Dec-20	Roof Mart, LLC	U.S.	Trachte Building Systems, Inc.	Designs and manufactures steel roofing systems, wall panels, trims and trusses for post frame building packages
Dec-20	Michel Sales Inc.	U.S.	PEDROLLO GROUP Srl	Manufactures and sells residential and light commercial duty pumps
Dec-20	The Spancrete Group, Inc.	U.S.	Wells Concrete Products, Inc.	Designs, manufactures and markets precast products for the construction industry
Dec-20	Hadrian Inc.	U.S.	Zurn Industries, LLC	Manufactures and supplies toilet partition and locker products
Dec-20	Renewal by Andersen Corporation	U.S.	Tundraland Home Improvements	Designs, custom manufactures and installs windows and patio doors for homes in the U.S.
Nov-20	Substantially all of the assets of Quick Fitting, Inc.	U.S.	Paceline Equity Partners	Comprises connection and fitting devices manufacturing business
Nov-20	Assets and Manufacturing division of Fenêtres Drummond	Canada	FENPLAST INC.	Manufactures windows and doors
Nov-20	Dimora Brands, Inc.	U.S.	Clearlake Capital Group, L.P.	Designs, manufactures and distributes hardware and home accessories
Nov-20	Arktura, LLC	U.S.	Armstrong World Industries, Inc.	Designs and manufactures acoustic design solutions
Nov-20	Profile Designs, Inc.	U.S.	Renovation Brands LLC	Manufactures tin panels that are used to design ceilings across commercial and residential projects

Notable M&A Activity—2H 2020



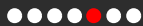
Date Announced	Target	Target Country	Acquirer	Target Business Description
Building Products Manufacturers (cont'd)				
Nov-20	Apex Energy Solutions, LLC	U.S.	Great Day Improvements, LLC	Manufactures replacement windows and eco-friendly building products
Nov-20	Larson Manufacturing Company, Inc.	U.S.	Fortune Brands Home & Security, Inc.	Manufactures storm doors and storm windows in the U.S.
Nov-20	PanelClaw Inc.	U.S.	Esdec USA	Provides mounting solutions for photovoltaic solar systems worldwide
Nov-20	T.A. Industries, Inc.	U.S.	The RectorSeal Corporation	Manufactures and sells grilles, registers and diffusers for the residential and commercial HVAC market
Oct-20	Architectural Mailboxes, LLC	U.S.	Gibraltar Industries, Inc.	Manufactures and sells decorative mailboxes for homes
Oct-20	Substantially all assets of Colonial Elegance Inc.	Canada	Renin Corp.	Provides manufacturing products for the decoration and renovation markets
Oct-20	National Coatings Corporation	U.S.	Henry Company LLC	Offers elastomeric roof coatings, wall coatings and insulation products for the construction industry
Oct-20	American Bath Group, LLC	U.S.	Centerbridge Partners, L.P.	Designs and manufactures fiberglass reinforced plastic, sheet molding compound, and acrylic bathtubs and showers
Oct-20	Facility located in McCook, Illinois	U.S.	Apogee Enterprises, Inc.	Comprises glass and glazing products manufacturing facility
Sep-20	Carpenter Contractors of America, Inc.	U.S.	Kodiak Building Partners	Manufactures and installs prefabricated roof and floor trusses, as well as wall panels
Sep-20	Jacknob Corp.	U.S.	E. B. Bradley Co., Inc.	Manufactures and distributes commercial toilet partition hardware and parts for public restrooms
Sep-20	Partsmaster, Inc.	U.S.	Lawson Products, Inc.	Manufactures and sells abrasives, cutting tools, fasteners, hose fittings and welding products
Sep-20	Ali Industries, LLC	U.S.	Rust-Oleum Corporation	Manufactures and supplies a range of power sanding, hand sanding, cutting and grinding, and floor sanding products
Sep-20	Marriott Drywall Materials, Inc.	U.S.	Foundation Building Materials, Inc.	Manufactures products for residential and commercial drywall contractors
Aug-20	OmniMax International, Inc.	U.S.	Strategic Value Partners, LLC	Manufactures building and transportation products using aluminum, steel, vinyl, copper and fiberglass

Notable M&A Activity—2H 2020



Date Announced	Target	Target Country	Acquirer	Target Business Description
Building Products Manufacturers (cont'd)				
Aug-20	Superior Tool Company, Inc.	U.S.	C.H. Hanson Company	Manufactures and distributes plumbing tools
Jul-20	Turf Design Inc.	U.S.	Armstrong World Industries, Inc.	Designs and manufactures ceilings and wall products primarily used in commercial building applications
Jul-20	Madison Electric Products, Inc.	U.S.	Southwire Company, LLC	Designs, manufactures and sells electrical components and accessories to construction professionals
Jul-20	Ecolibrium Solar, Inc.	U.S.	Unirac, Inc.	Designs and manufactures solar panel roof mount and rack systems for commercial and residential rooftops

Notable M&A Activity—2H 2020



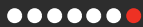
Date Announced	Target	Target Country	Acquirer	Target Business Description
Lumber and Wood Manufacturers				
Dec-20	Pacific MDF Products, Inc. of South Carolina	U.S.	Metrie Inc.	Manufactures and distributes interior medium density fiberboard (MDF) moldings
Dec-20	PalletOne, Inc.	U.S.	UFP Industries, Inc.	Manufactures and distributes pallet-related products in the U.S.
Dec-20	Aura Hardwoods, Inc.	U.S.	Hardwoods Specialty Products US LP	Distributes melamine, wood products and industrial panel products
Nov-20	Joffe Lumber & Supply Co., Inc.	U.S.	Unified Door and Hardware Group LLC	Supplies frames, doors, hardware and millwork for residential and commercial buildings
Nov-20	Norbord Inc.	Canada	West Fraser Timber Co. Ltd.	Manufactures and sells wood-based panels for retail chains, contractor supply yards and industrial manufacturers
Nov-20	Zeeland Lumber & Supply Co.	U.S.	US LBM Holdings, Inc.	Supplies lumber and building materials to homeowners and professional builders
Oct-20	Tukey Brothers, Inc.	U.S.	Hammond Lumber Company	Operates a sawmill
Oct-20	PECO Pallet, Inc.	U.S.	Alinda Capital Partners LLC; USS Investment Management Limited	Manufactures and rents pallets in the U.S., Canada and Mexico
Oct-20	Littfin Lumber Co.	U.S.	All-Fab Building Components Inc.	Manufactures trusses, laminated columns, engineered wood, and connectors and fasteners
Aug-20	Reichert Shake & Fencing, Inc.	U.S.	ITOCHU Corporation	Manufactures wooden products for fencing

Notable M&A Activity—2H 2020



Date Announced	Target	Target Country	Acquirer	Target Business Description
Building Materials Manufacturers				
Dec-20	Meridian Brick LLC	U.S.	General Shale Brick, Inc.	Manufactures and supplies brick and masonry products
Dec-20	Assets of McMurry Ready Mix Co.	U.S.	Knife River Corporation	Comprises concrete manufacturing business
Dec-20	The North Carolina Granite Corporation	U.S.	Polycor Inc.	Offers stone and granite from its quarries in North America
Nov-20	Brampton Brick Limited	Canada	Ruland Realty Limited	Manufactures and sells masonry and landscape products in Canada and the U.S.
Nov-20	GreenRock Materials, LLC	U.S.	Chaney Enterprises, LP	Manufactures and supplies ready-mix concrete
Nov-20	Cornerstone Ready Mix Concrete, LLC	U.S.	Smyrna Ready Mix, LLC	Manufactures and supplies ready-mix concrete products
Oct-20	Alberta-based assets of Mixcor Aggregates Inc	Canada	Lafarge Canada Inc.	Comprises manufacturing of construction materials
Oct-20	Valley Gravel Sales Ltd.	Canada	Summit Materials, Inc.	Produces and delivers crushed sand and gravel products
Oct-20	Couch Aggregates, LLC	U.S.	Green Rock LLC	Manufactures sand, gravel, limestone and crushed concrete
Oct-20	Potters Borrower LP	U.S.	The Jordan Company, L.P.	Manufactures engineered glass materials
Sep-20	River Aggregates, LLC	U.S.	StonePoint Materials, LLC	Mines, processes, and sells sand and gravel products that are used in various construction activities
Sep-20	Les Entreprises Pearson Pelletier	Canada	ALI Excavation Inc.	Manufactures concrete bases, curbs and sidewalks
Jul-20	ART Quarry TRS LLC	U.S.	United States Lime & Minerals, Inc.	Operates as a limestone mining and production company
Jul-20	The Quapaw Company	U.S.	Dolese Bros. Co., Inc.	Engages in production of asphalt and other construction materials
Jul-20	Fraserway Prekast Ltd./Vancouver Ready Mix Inc	Canada	BM Group of Companies	Operates as a manufacturer, wholesaler and retailer of precast concrete products

Notable M&A Activity—2H 2020



Date Announced	Target	Target Country	Acquirer	Target Business Description
Homebuilders and Contractors				
Dec-20	Century Homes Florida, LLC	U.S.	Dream Finders Homes, LLC	Provides homebuilding services
Dec-20	Dayspring Restoration	U.S.	Trinity Hunt Partners, L.P.	Provides disaster restoration, mitigation and renovation services
Nov-20	Mark 1 Restoration Service, Inc.	U.S.	ATI Restoration, LLC	Offers disaster restoration, inspection and appraisal of damages services to residential and commercial buildings
Oct-20	Substantially all the assets of Knight Development, Inc.	U.S.	DRB Enterprises LLC	Comprises homebuilding services business
Oct-20	The Homebuilding Operations of New Synergy Homes in Dallas, Texas	U.S.	Mattamy Homes U.S. Group	Comprises homebuilding operations
Oct-20	CBUSA, LLC	U.S.	CoConstruct LLC	Develops and maintains homebuilding networks of professional builders for contracting and building services
Oct-20	American Residential Products, Inc.	U.S.	SEI Group, Inc.	Installs residential building products for builders and general contractors in Florida
Oct-20	Braselton Homes, Inc.	U.S.	D.R. Horton, Inc.	Operates as a homebuilder and neighborhood developer in the Corpus Christi bay area
Oct-20	H&H Homes, Inc.	U.S.	Dream Finders Homes, LLC	Provides homebuilding services in North Carolina
Sep-20	Keller Homes, Inc.	U.S.	Toll Brothers, Inc.	Designs and builds residential houses
Sep-20	Paradise Home Improvement, LLC	U.S.	Titan Home Improvement Inc.	Offers home remodeling services, including bathroom, window, home energy and home improvement updates
Aug-20	GreenECO Builders, LLC	U.S.	Rausch Coleman Development Group, Inc.	Engages in building residential homes
Jul-20	Stuart Olson Inc.	Canada	Bird Construction Inc.	Provides contracting services to the institutional and commercial construction markets in Canada
Jul-20	Jarvis Property Restoration	U.S.	BMS CAT, Inc.	Offers commercial and residential restoration and disaster recovery services
Jul-20	Warm & Fuzzy Home Heating & Cooling of Allied Mechanical	U.S.	NOCO Inc.	Comprises residential HVAC services business

Duff & Phelps' Recent Transactions

Sell-Side Advisor



a portfolio company of

MERIT CAPITAL PARTNERS

has been acquired by



Transaction Advisory

PROSOURCE

has been acquired by



Fairness Opinion



has completed the sale of



Buy-Side Advisor

**Continental
Materials
Corporation**

has been taken private by Bee
Street Holdings, LLC

Sell-Side Advisor



has been acquired by



**INDUSTRIAL
OPPORTUNITY
PARTNERS**

Placement Agent



a portfolio company of



has received a \$40,000,000
senior credit facility from



Solvency Opinion



a portfolio company of



has completed a leveraged
dividend recapitalization

Sell-Side Advisor



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