



# **2019 BUILDING PRODUCTS REPORT: ENDURING GROWTH BEYOND SHORT-TERM CHALLENGES**



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# RECENT TM CAPITAL BUILDING PRODUCTS TRANSACTIONS



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# SUMMARY OVERVIEW

In August 2019, the U.S. economic expansion entered its 122nd month, officially just over ten years since the Great Recession ended in June 2009 – the longest expansion period in U.S. history. Putting this remarkable economic run in context, the average post-WWII expansion lasted 58.4 months, less than half the current duration. Despite this extraordinary period of expansion and the fingerprints of sustained growth evident across all areas of the economy, trepidation remains that we could soon fall into a period of retrenchment. Despite the underlying angst of a retrenchment, several key demographic and economic growth indicators impacting the building products markets remain strong including:

- **Demographic Tailwinds** – Millennials are the largest first-time home buyer demographic and are just emerging as a demographic force. 34 is the median age of first-time home buyers in the U.S. and according to Zillow Economic Research, from 2019-2028, 44.9 million people will turn 34 – an increase of 7.4% compared to the prior 10-year period. No matter the direction the economy takes over the next several years there will be more demand for housing and related building products.
- **Low Unemployment** – Employers added 164,000 jobs in July, beating consensus estimates for the second month in a row and extending the longest period of consecutive monthly job growth to 106 months. As new participants entered the labor force, the unemployment rate rose slightly to 3.7% in July 2019, up from 3.6% in May 2019, the lowest rate since December 1969.
- **Rising Home Ownership Rate** – After bottoming out at 62.9% in Q2 2016, the home ownership rate has steadily risen and remains far below its peak of 69.2% in Q3 2004. Home ownership rates only hit their most recent low three years ago and continuing increases are expected.
- **Rising Housing Permits and Starts** – Housing starts peaked in early 2018 but have plateaued since then - well below the more than two million annual rates achieved in the mid-2000s. There remains tremendous room for sustained growth to historical averages.
- **Pent up Demand for Single and Multi-family Homes** – Since the great recession, the ratio of housing starts to aggregate household formation has fallen well below historical levels, as demographic trends and income growth outpaces new construction in recent years.
- **Robust Renovation/Remodel Activity** – Harvard's Joint Center for Housing Studies has documented increased spending on residential renovation and repair in each quarter for the past 16 quarters, 2015-2018. Given the demographic wave of Millennials, new construction well below historical averages and an aging housing stock, we expect renovation and remodel demand to remain strong. The CEO of Home Depot, Craig Menear explains "we play more in remodel and maintenance...about 52% of the housing stock, in the U.S. is 40 years or older – more maintenance [is required] with the age of the housing. A typical customer with a 40-year-old home spends 3x on maintenance than a customer with a 10-year-old home does." In the non-residential sector, investment in renovations remains curtailed by a robust market for new commercial construction and a tight labor market. We expect that if there is any economic slowdown there will be a shift in non-residential construction towards deferred renovations. Nearly 45% of total commercial building floorspace was constructed before 1980, underscoring the need for renovations in the coming years.
- **Low Interest Rates** – As of August 2019, the Fed reduced interest rates for the first time since 2008. Following several rate increases in 2018, the market has widely adjusted expectations, predicting a less "hawkish" Fed for the near-future. Neutral or declining interest rates will spur further investment and keep mortgage rates attractive.



*We have a huge wave coming at us over the next 5-10 years. It's one of the reasons I'm so bullish... I'm excited because the demographics are now with us. Now we have to figure out how to build new homes... at the right price."*

*- Sheryl Palmer, CEO, Taylor Morrison Home*

Despite these positive signals, housing supply, affordability, construction & material costs and construction labor shortages are very strong headwinds impeding more rapid growth in the sector. However, these headwinds are also creating opportunities for investment and innovation.

One particular sector that is poised to benefit from innovation and increased material usage in both residential and commercial projects is the glass sector. Glass remains a tremendously versatile and aesthetically pleasing material that lends itself to a wide variety of uses in the building products space. The Contract Glazier Outlook Index ("CGOI"), a barometer for current health and optimism in the glass and glazing industry, suggests a positive outlook from glazing contractors for 2019 and beyond. The CGOI increased from 63.2 in 2018 to 68.5 in 2019, with readings above 50 indicating a positive outlook. Favorable trends in the glass industry including a shift to large format glass and a focus on energy efficiency and fabrication automation make it a sector that is well positioned to benefit as rising building material and labor component costs are addressed.

The overarching positive demographic trends continue to drive investment interest and M&A from both corporate and financial buyers. Specifically, over the last twelve months we've witnessed a focus on six emerging trends driving M&A and investment including:

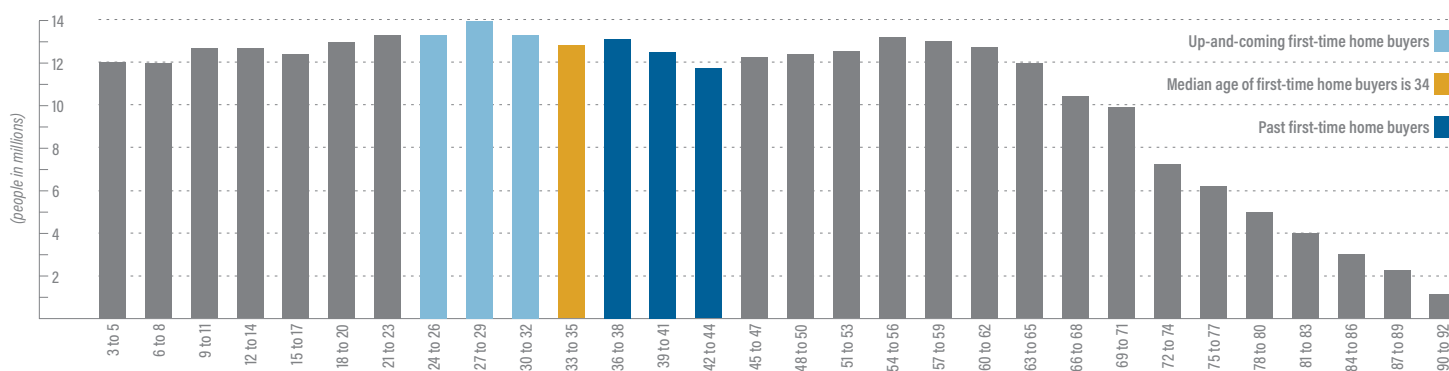
1. Evolution of building codes & regulations
2. Investment in next generation technologies
3. The rise of family offices offering a long-term capital solution for building products companies
4. The hunt for efficient business models that minimize labor
5. Interest in "tuck-in" acquisitions that have a low risk relative to an acquiror's size
6. M&A focusing on efficiencies in the distribution channel

While the probability of a recession in the near term is low, and the foundations for long-term sector growth remain strong, the question of how long this current expansion can last remains at the forefront of economists', investors' and the public's minds.

## Demographic Tailwinds Continue as Wave of Millennial Buyers Grows Focusing on Urban Areas

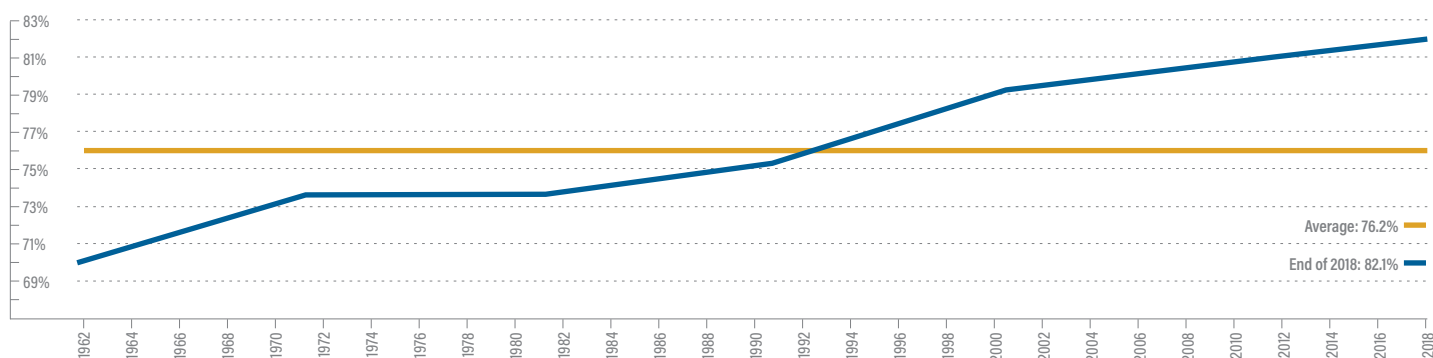
Millennials represent the largest cohort within the U.S. population and a significant percentage of that cohort remains below the age of 34 – the median age of first-time home buyers in the U.S. According to Zillow Economic Research, from 2019 through 2028, 44.9 million people will turn 34, representing an increase of 7.4% (3.1 million more people) compared to the prior 10 year period. While not every member of this younger group will purchase a home once they reach their mid-thirties, the sheer volume of people at key ages for home investments will have a meaningful impact on the market.

### AGE DISTRIBUTION OF UNITED STATES



According to the World Bank, as of 2018 an estimated 82.1% of the U.S. population lives in urban areas. Millennials are disproportionately choosing to move into urban areas in search of higher wages, favorable commutes and the social aspects and convenience of city living. With the next generation increasingly drawn to urban areas, U.S. cities are becoming younger. The U.S. Census Bureau study, "Measuring America" reports the median age for urban adults is 45 years old, meaningfully lower than the rural median age of 51 years. This increased demand for renting units in multi-family apartment buildings is putting increased pressure on those markets. Although the pace of multi-family construction remains robust and cranes are in abundance across urban skylines, rental demand continues to outpace multi-family supply which was neglected during the housing bubble. As a result, Millennials are faced with a higher cost of housing and an overall higher cost of living – a trade-off they are willing to make in exchange for the conveniences of urban living.

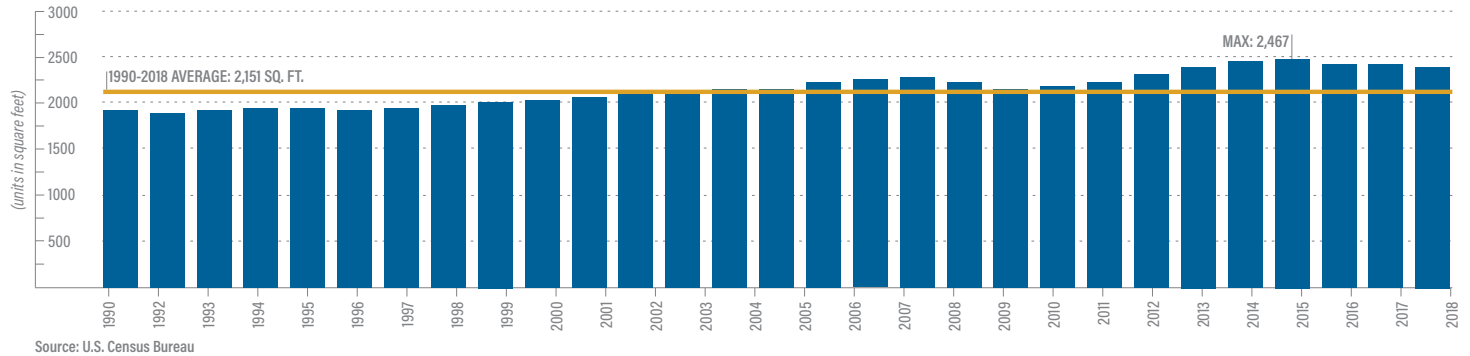
### U.S. URBAN POPULATION (% OF TOTAL POPULATION)



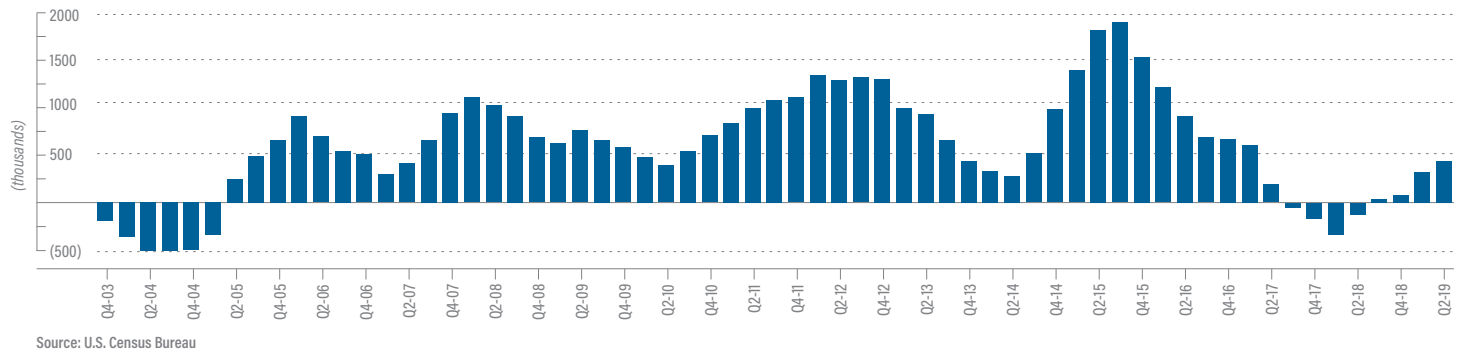


In line with increasing urbanization trends, median home sizes continue to modestly decline, down from their 2015 peak of 2,467 square feet to 2,386 in 2018. Lack of availability, and a widespread desire for “city living” has led to larger urban multi-family construction projects as consumers are increasingly willing to trade space for convenience. In 2018, the U.S. completed 211,000 new housing units within buildings of 50 units or more, dwarfing the 2008 peak of 122,000 housing units completed in buildings of similar size<sup>(1)</sup>. In addition to providing housing for Millennials living in cities, builders finally began addressing the lack of inventory targeting the middle- and lower-income home buyers – a group that is only recently benefiting from wage increases.

#### MEDIAN SQUARE FEET OF FLOOR AREA IN NEW SINGLE-FAMILY HOUSES COMPLETED

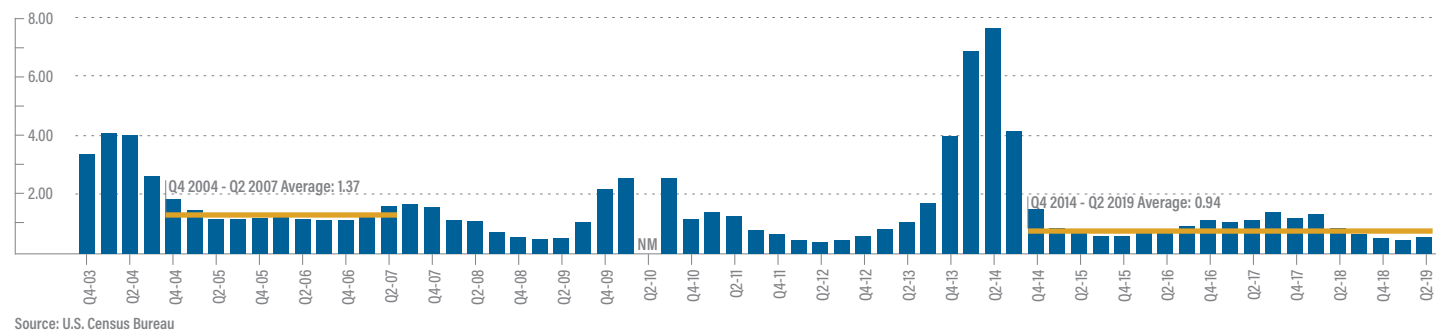


#### RENTER HOUSEHOLD FORMATION (YEARLY CHANGE IN FOUR-QUARTER AVERAGE)



The weakening ratio of single and multi-family starts to household growth provides the best evidence of that new construction has failed to keep pace with rising demand for housing. Prior to the Great Recession and the preceding housing bubble, this ratio stood at 1.37 starts per new household. From Q4 2014 to Q2 2019 the ratio averaged 0.94; most recently, it fell further to 0.62. This represent “hidden” support for the sector.

#### RATIO OF QUARTERLY AVERAGE HOUSING STARTS TO YEARLY CHANGE IN FOUR-QUARTER AVERAGE TOTAL HOUSEHOLDS

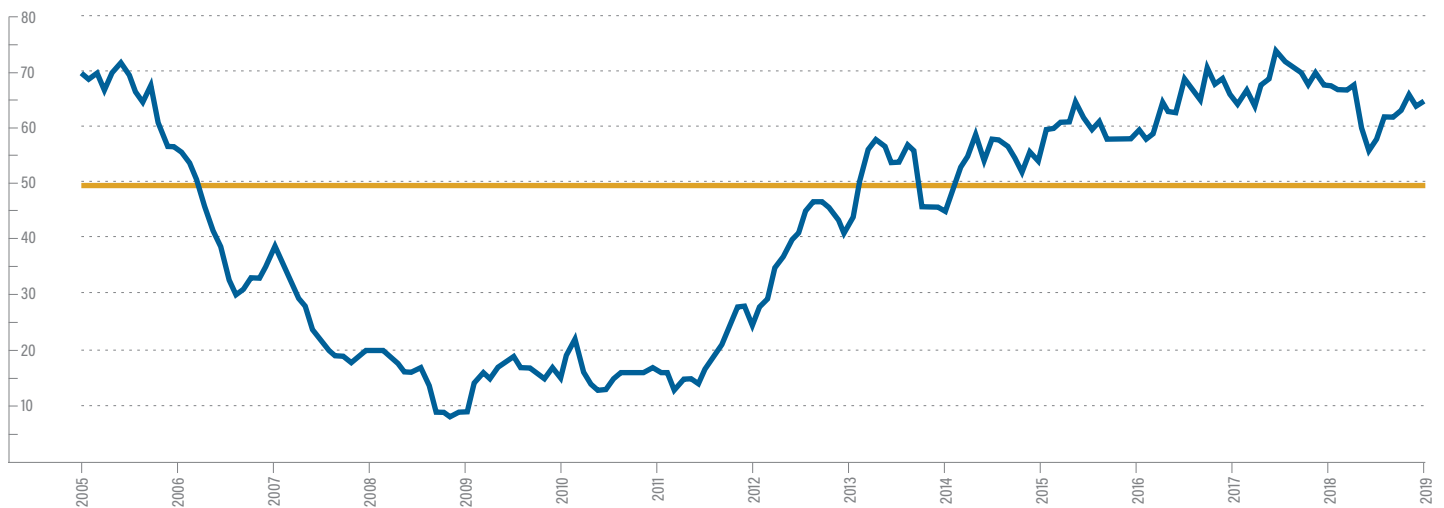


## Residential Housing Trends Point Towards Continued Steady Growth

The continued show of confidence among homeowners is crucial for sustaining investment and for encouraging future growth. U.S. single-family inventory levels are currently near multi-decade lows, resulting in higher home prices — putting pressure on potential home buyers entering the housing market. With current U.S. inventory levels near multi-decade lows, higher home prices have made it increasingly difficult for potential home buyers to find a house that fits their budget. According to the National Association of Realtors®, total housing inventory at the end of June 2019 was 1.93 million existing homes for sale – flat from the same month one year ago, and well below the 20-year average. Increasing home ownership rates, in conjunction with strained construction capacity help to maintain a price floor for new housing coming to market. Demand fundamentals remain strong, and the rise in housing prices lead many existing homeowners to favor renovation over purchasing a new home. According to the 2018 Zillow Housing Aspirations Report, 76% of Americans choose to renovate, given a choice between spending money on a down payment for a new home or using that same money to renovate their current home.

Despite some fluctuation in 2018, overall confidence in the housing market and among homebuilders has continued to remain strong and has grown rapidly since its trough in 2009. The Housing Market Index is an indicator of home builder sentiment reflecting builders' outlook on single-family home sales for the next six months published by the National Association of Home Builders and Wells Fargo. Any reading above 50 is considered positive for the Index.

NAHB/WELLS FARGO NATIONAL HOUSING MARKET INDEX (SEASONALLY ADJUSTED)



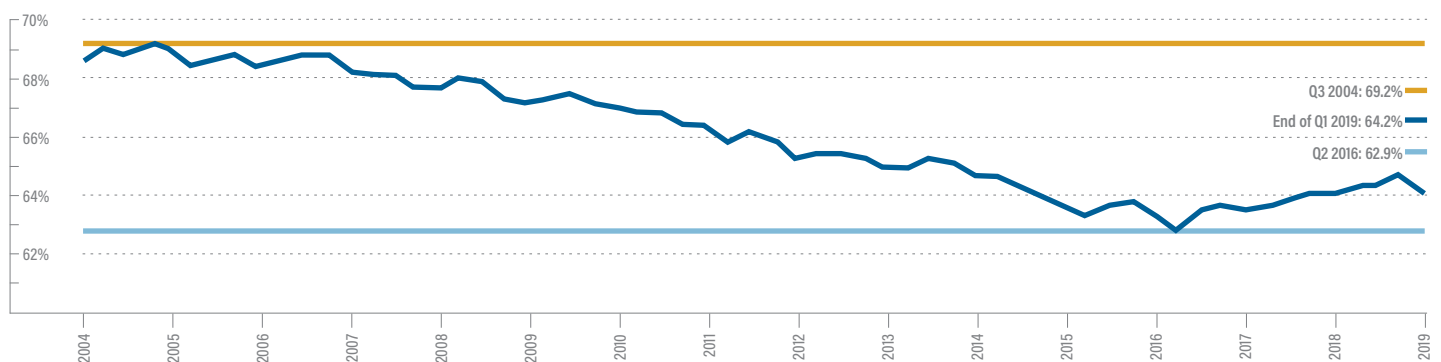
Source: National Association of Home Builders

## Macroeconomic Trends: Positive Long-Term Trends with some Short-Term Concerns

Prolonged expansions have become commonplace in the last 50 years – the past four expansions are among the six longest in U.S. history. With longer periods of expansion seemingly the new norm, investors and consumers have remained cautiously optimistic well into the current cycle. Leading indicators, including low levels of housing inventory and increased remodeling activity, point to continued economic strength and market demand. At the same time, macro events concerning the threat of trade-wars do little to allay investor fears. Much of the initial benefit from the 2017 Tax Cuts and Jobs Act were realized 2018, and 122 months into the expansion firms have needed to become more creative in achieving organic growth. Overall trends remain positive in the near term as economic progress continues to be felt in many sectors of the economy.

2018 witnessed a notable jump in U.S. homeownership rates despite an environment of rising mortgage rates. Recent wage growth along with higher consumer confidence encouraged first-time home buyers to enter the market and transact. Overall home ownership has continued to push upward from its recent trough of 62.9% in Q2 2016, to 64.1% in Q2 2019. Although home ownership rates have dipped slightly in 2019, rates remain well below the pre-recession peak of 69.2% reached in Q3 2004, indicating significant room for continued growth. The recent rise in home ownership rates began little more than 30 months ago, well into the current expansion, and suggests the resurgence may continue to be in its opening stages. 94% of those surveyed in the 2018 Zillow Housing Aspirations report responded that if money were no object, they would own their home – a testament to the enduring American goal of home ownership.

U.S. HOMEOWNERSHIP RATE (QUARTERLY, NOT SEASONALLY ADJUSTED)

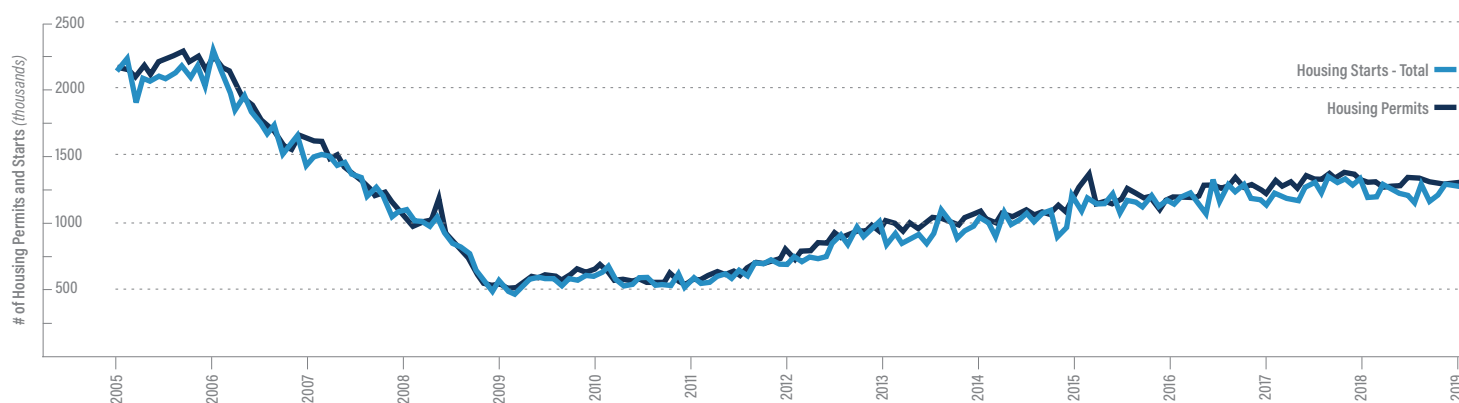


Source: Federal Reserve Bank of St. Louis



Residential construction continues its healthy build from the 2009 trough. Confidence among homebuilders continues to rise and relatively low mortgage rates are boosting demand. The housing market had another positive year in 2018 with an estimated 1.330 million new private housing units authorized by building permits and 1.250 total housing starts. In June 2019, housing starts remained stable with a gradual climb to a seasonally adjusted rate of 1.253 million starts, driven by both single-family and multi-family construction.

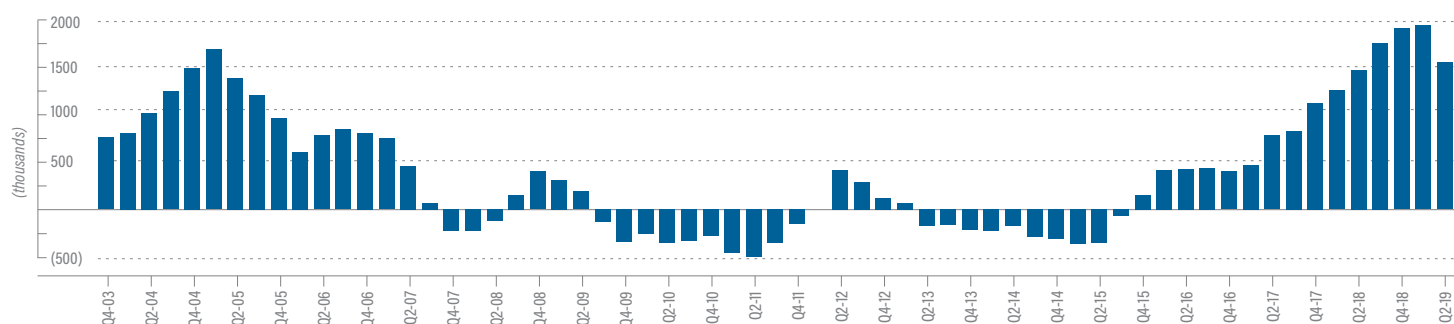
### U.S. HOUSING PERMITS AND STARTS



Source: Federal Reserve Bank of St. Louis

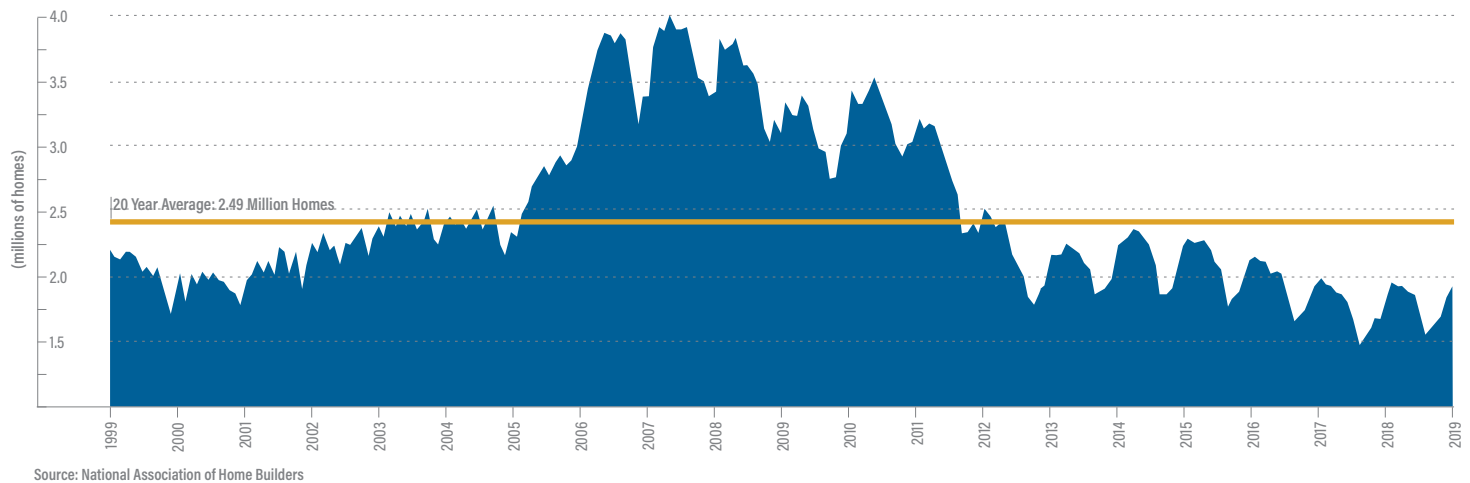
Household formations are a strong indicator of housing demand. According to the U.S. Census Bureau, Housing Vacancy Survey, the number of households increased year-over-year to 122.5 million in the second quarter of 2019, up 1% from Q2 2018. Over the past two years, household formations have grown steadily and will continue to trend positively as more Millennials transition from renting to owning.

### OWNER HOUSEHOLD FORMATION (YEARLY CHANGE IN FOUR-QUARTER AVERAGE)



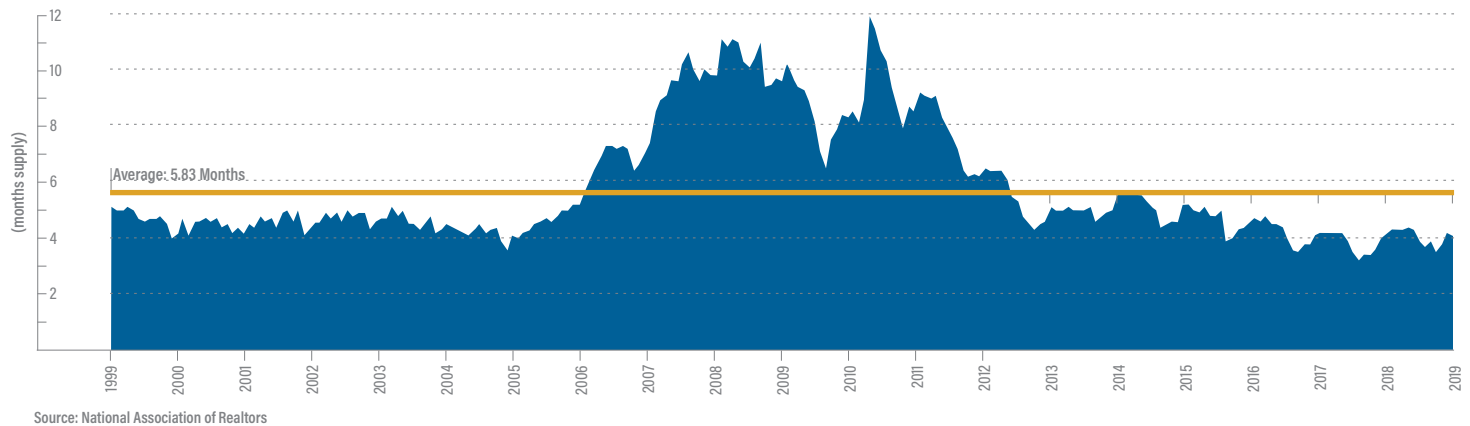
Source: U.S. Census Bureau

## U.S. TOTAL HOUSING INVENTORY - EXISTING HOMES FOR SALE



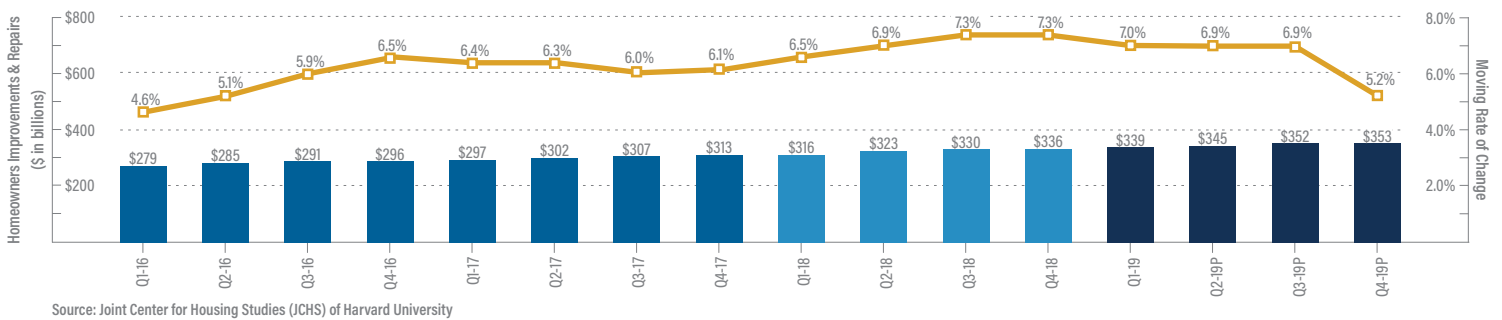
Overall U.S. housing inventory has fallen in recent years, reaching 1.93 in June 2019. At the same time, the month supply of unsold inventory continues to be well below historical averages in response to lower inventory levels and increased demand for housing.

## U.S. HOUSING, UNSOLD INVENTORY MONTH SUPPLY



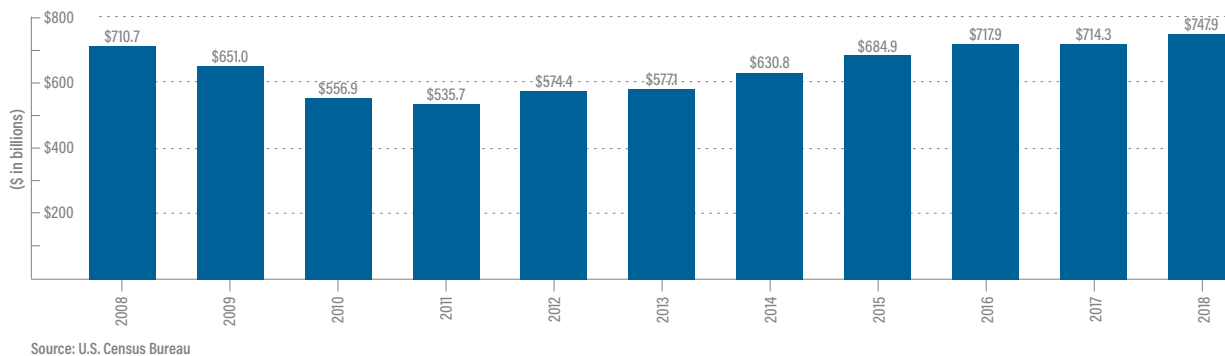
Builders and existing homeowners are the major beneficiaries of high home prices. Rising housing prices, largely driven by a shortage in inventory, drive homeowners to invest in renovations and remodeling. Harvard's Joint Center for Housing Studies ("JCHS") has documented increased spending on renovation and repair each quarter for the past 16 quarters from 2015 - 2018. The JCHS' Leading Indicator of Remodeling Activity ("LIRA"), an indicator of demand for building products in the U.S., is projecting spending on improvements and repairs to exceed \$350 billion in 2019. Although continuing to grow, slower gains in permitting for improvement projects are likely to reduce the rate of growth over the coming year. Overall, long-term drivers remain positive, with the increase in required home maintenance expected to remain correlated with the age of the U.S. housing stock. According to data from the 2016 NAHB American Community Survey, the median age of owner-occupied homes is 37 years – up nearly 20% from 31 years in 2005.

## LEADING INDICATOR OF REMODELING ACTIVITY

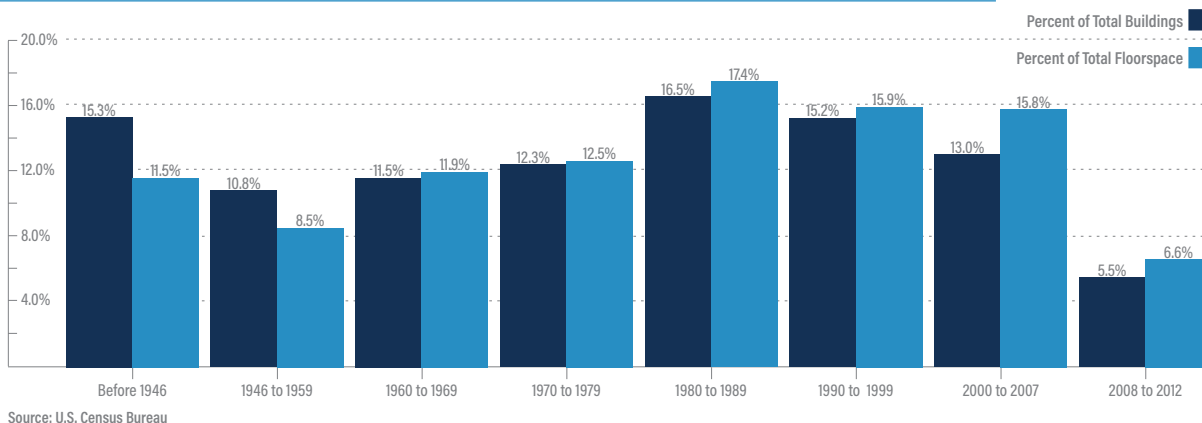


According to the U.S. Census Bureau, non-residential construction spending in 2018 increased 4.7% compared with 2017. 2018 non-residential construction spending reached a decade long peak in 2018, with \$747.9 billion deployed. Two of the largest growth areas in 2018 were "amusement and recreation" and "non-residential lodging" which grew by 14.6% and 11.3%, respectively. Manufacturing and communication had modest reductions of (2%) and (0.8%), respectively. It is important to note non-residential spending can fluctuate significantly month-to-month as large projects are commissioned.

## U.S. NON-RESIDENTIAL CONSTRUCTION PUT IN PLACE (SEASONALLY ADJUSTED ANNUAL RATE)



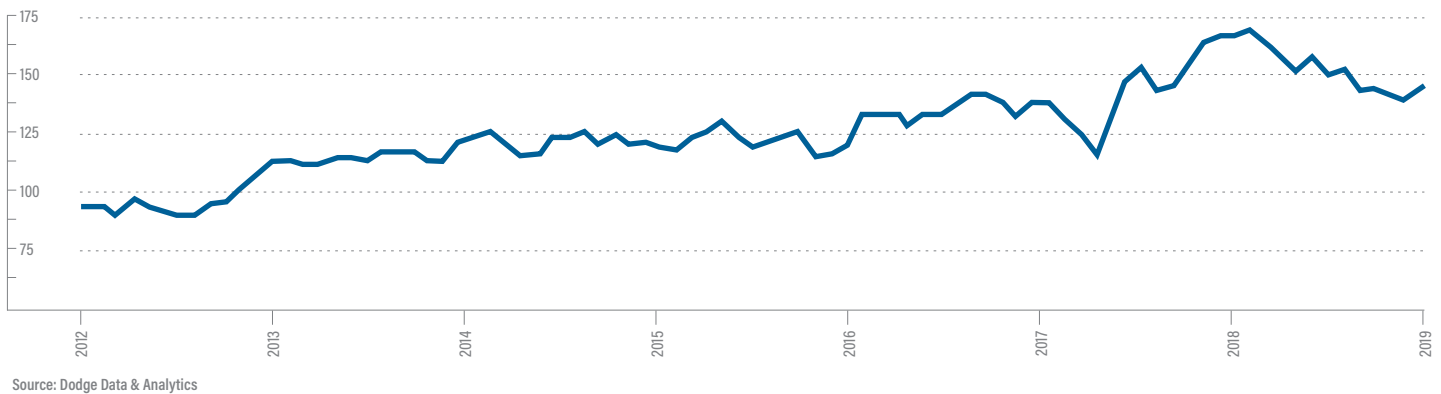
## CURRENT COMMERCIAL BUILDINGS BY YEAR CONSTRUCTED (% OF TOTAL BUILDINGS AND % OF FLOORSPACE)



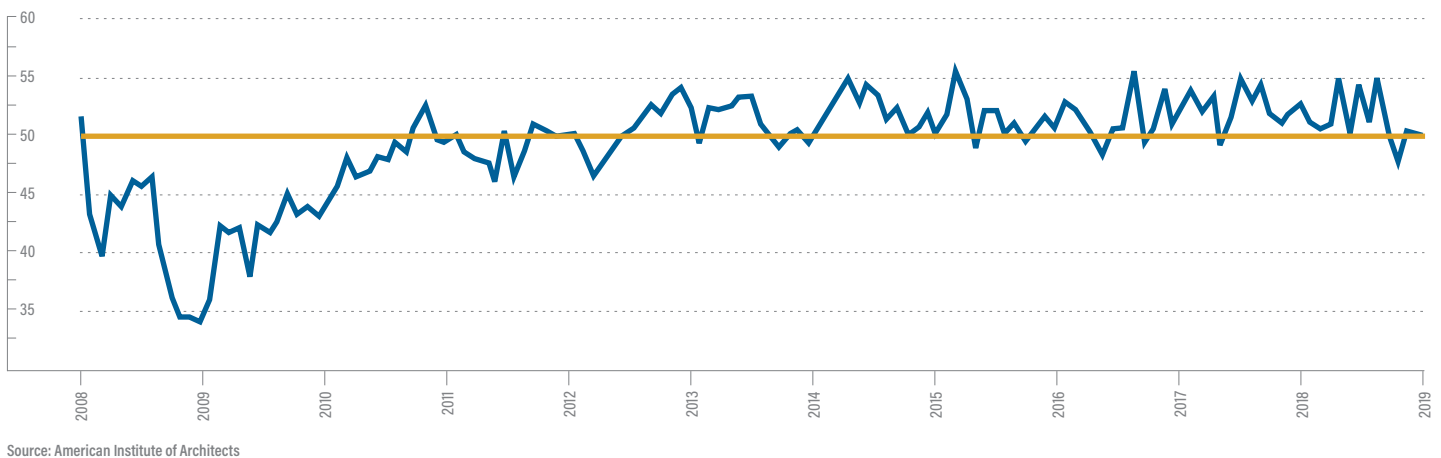


The Dodge Momentum Index ("DMI") saw some minor fluctuation in late 2018 and early 2019 after a significant surge in late 2017 and early-mid 2018. The DMI measures the first report for non-residential building projects in planning, and often leads construction spending by a full year. In the past six months the DMI has shown signs of moderation, posting neither strong gains or losses relative to its recent peak in July 2018. This pattern suggests that there continues to be a healthy number of projects in the planning pipeline to support construction activity in the near future. Additionally, the Architecture Billings Index ("ABI") began 2019 strongly, with a January ABI score of 55.3. Similar to the DMI, the ABI is another valuable indicator for non-residential construction activity – the half-quarter of 2019 points to similar moderation with growth coming from new sources such as the U.S. South.

#### DODGE MOMENTUM INDEX (YEAR 2000=100)



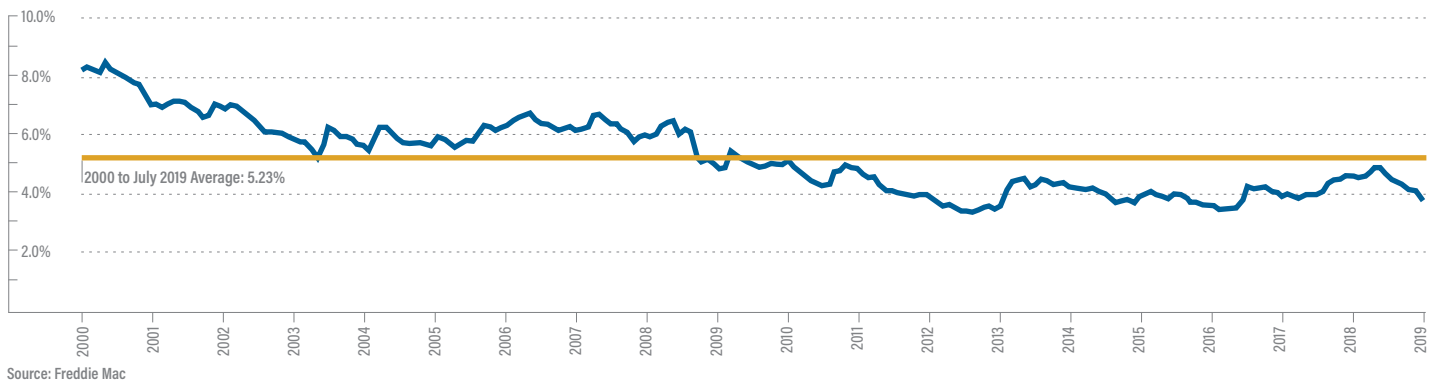
#### ARCHITECTURE BILLINGS INDEX (SCORES ABOVE 50 REPRESENT INCREASE IN BILLINGS)



## Two Trends to Watch: Rates & Employment

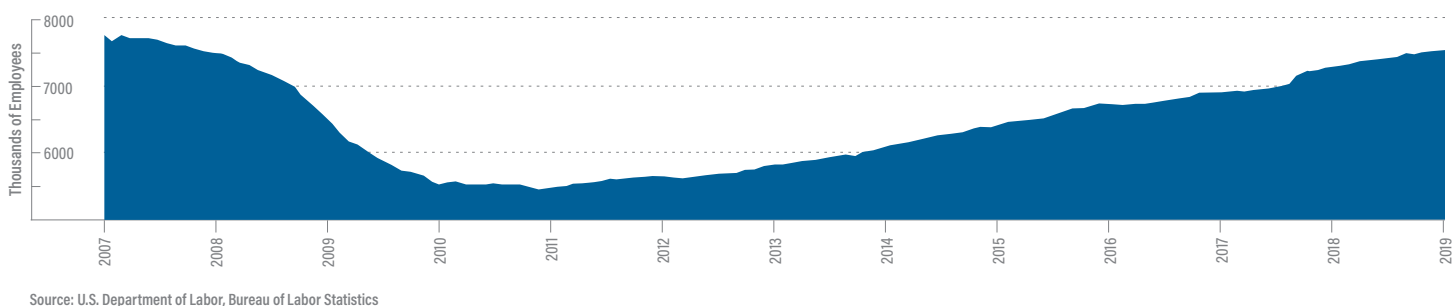
Following explosive growth in 2018, the Federal Reserve increased the federal funds rate four times, ultimately reaching 2.5% in December. Rising in parallel, fixed 30-year mortgage rates rose sharply from 4% to 4.9%. In recent months, much of the 2018 increase has been unwound as the Fed adopted a less "hawkish" stance, reducing the federal funds rate in August 2019 for the first time in more than a decade - releasing some hot air from future interest rate expectations. According to Freddie Mac data, the 30-year fixed mortgage rate has fallen to 3.8% as of July 2019 nearly 110 basis points below its recent peak in November 2018, and well below historical averages. The falling rates have continued to buoy already considerable demand for new housing, tempering the "all-in" expense of purchasing a new home.

### FIXED 30-YEAR MORTGAGE RATE (MONTHLY AVERAGE COMMITMENT RATE)



As the expansion continues to promote activity in residential and non-residential construction, access to labor has been one of the most consistent headwinds. Currently the U.S. unemployment rate sits at 3.7%, the lowest in nearly 50 years. Within a tight labor pool, construction faces particular constraints - counting 7.5 million employees as of July 2019, more than 96% of peak 2007 employment. While the construction industry continues to grow, particularly in response to increased housing demand, finding workers will remain a challenge. More readily available training programs and incentives will likely be necessary to staff projects and to keep pace with new construction.

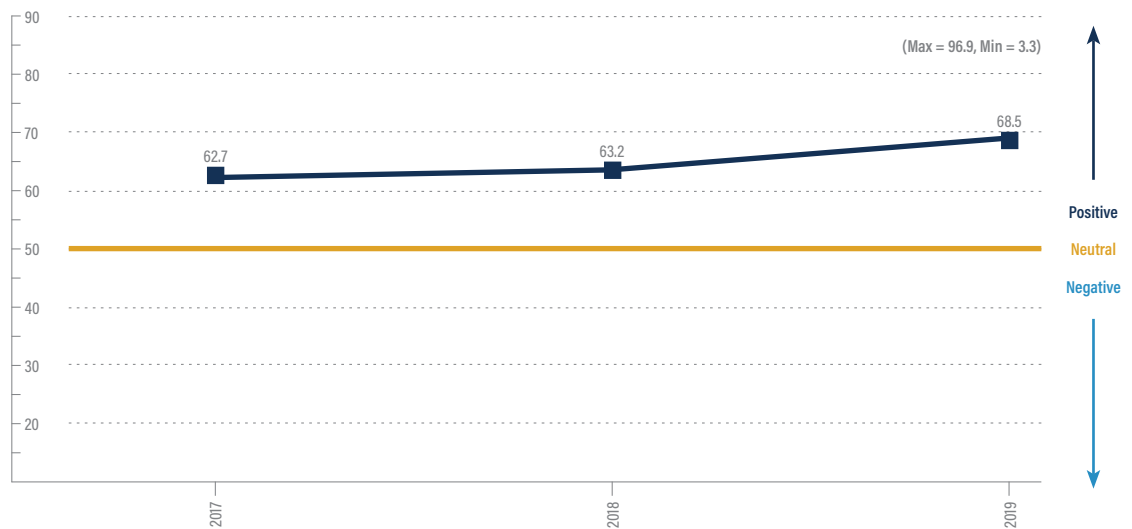
### U.S. CONSTRUCTION EMPLOYMENT (SEASONALLY ADJUSTED)



## SECTOR SPOTLIGHT GLASS

With a host of macroeconomic indicators suggesting continued positive economic momentum, the glass and glazing market is expected to follow suit. The Contract Glazier Outlook Index ("CGOI"), a barometer for current health and optimism in the glass and glazing industry, suggests a positive outlook from glazing contractors for 2019 and beyond. The CGOI increased from 63.2 in 2018 to 68.5 in 2019, with readings above 50 indicating a positive outlook. The long-term outlook for the glass sector is on solid ground, bolstered by several factors that should continue to propel forward momentum across the glass sector and into several end markets. Glass continues to be an architectural and design material of choice for both exterior and interior applications. With advances in functional coatings, fabrication automation and engineering advancements, glass usage will continue to increase throughout the building products landscape. The market demand for glass solutions should increase well beyond aesthetic and decorative considerations as technological advancements make glass an attractive medium for a variety of functional structural and energy efficiency applications including security and impact-related projects. These advancements in glass technology will impact a range of products in both the residential and non-residential end markets, with both markets driven by enduring customer preferences towards access to natural light and large open plans.

### U.S. CONTRACT GLAZIER OUTLOOK INDEX



Source: Key Media & Research

Demand for flat glass in the U.S. increased substantially between 2011 and 2016, growing 5% each year as construction spend rebounded from the Great Recession. Fabricated flat glass demand is steadily growing in both commercial and residential markets – forecast to increase 2.3% annually from 2016 to reach \$11.4 billion by 2021P – driven by several key trends including increased penetration of higher-value products (e.g. solar control glass and self-cleaning glass), expanding non-residential construction activity and efforts to improve energy efficiency.

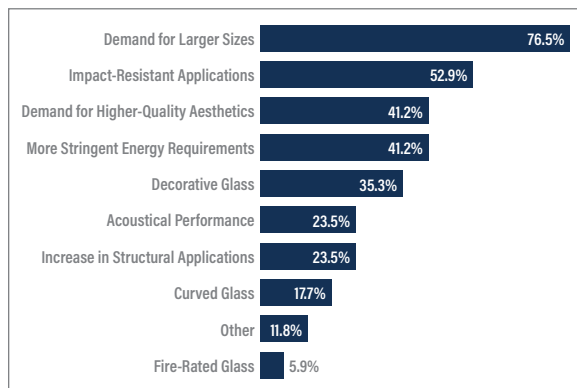


*The trend in buildings today is large, expansive glass – with some panels over 12 feet tall – that is also energy efficient.”*

– Bill Haley, Plant Manager, Vitro Architectural

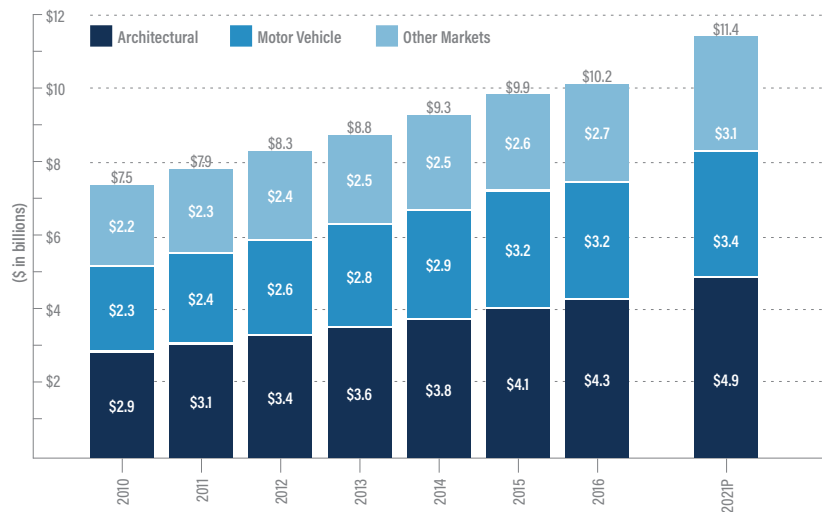
## KEY INDUSTRY TRENDS IMPACTING GLASS FABRICATION

Fabricators and manufacturers were asked which top three industry trends will have the biggest impact on the way they produce glass over the next three years.



Source: Key Media & Research

## HISTORICAL & PROJECTED U.S. FLAT GLASS DEMAND



Source: The Freedonia Group

## Large Format Glass

Architectural design is trending toward an increased use of natural light, for both its aesthetic appeal and cost-effectiveness. From office building floor-to-ceiling views to back windows spanning the width of an entire house, the demand for large format glass continues to increase, a trend that fabricators believe is here to stay. In a recent survey conducted by Glass Magazine, 42% of companies reported that they now fabricate jumbo glass. With this shift in format comes logistical challenges as fabricators must develop the know-how to handle large format glass effectively and, in some cases, redesign plant spaces for safe transport of oversized product. “As jumbo glass becomes more common,” Michael, Zizek, Marketing Director at Vitrum Glass Group notes<sup>(1)</sup>, “Vitrum has had to adapt the way we handle and move glass through our factory, both from a logistical standpoint and from a safety position.” As the trend toward large format glass continues, mid-sized fabricators must determine whether or not participating in this segment is a strategic focus. While significant investments in equipment and training are required to develop large format production capabilities, it can be a meaningful competitive differentiator.

(1) Glass Magazine



## Laminated Glass, Building Codes, Energy Efficiency & Innovation

Demand for laminated glass continues to increase, primarily due to its impact-resistant applications. Laminated glass, which holds together when shattered, offers durability, multi-functionality and high performance. This category is expected to grow at more than 6% annually through 2022P, propelled by stricter building regulations and glass quality requirements.

Building codes for new construction and existing structures have grown more stringent as localized energy legislation such as the newly passed Climate Mobilization Act / “Green New Deal” in New York City and 100% Clean Energy bills passed across five states or territories including Washington and California – leading to a rise in more energy-conscious solutions including double- and triple-glazed insulating glass units, low-emission coatings and reflective glass. Energy efficiency is top of mind for fenestration industry participants, particularly because nearly half of current commercial buildings were constructed prior to 1980.<sup>(2)</sup>



Homeowners are similarly seeking energy-efficient glass options to reduce energy bills, capitalize on tax incentives and lower carbon footprints.

Industry participants expect technology and innovation to play a greater role in glass fabrication in future years, revolving around the trend toward increased efficiency in light of the aforementioned “Green New Deal” passed by the New York City Council in April 2019. The package of bills aims to substantially cut carbon emissions via tighter building requirements, including mandated retrofits such as window and insulation updates for all buildings over 25,000 square feet.

Glass buildings have received significant scrutiny as traditional steel and glass structures are often poor insulants, wasting heat and electricity resulting in increased carbon emissions. However, architectural glass and energy efficiency are not mutually exclusive. Innovations such as heat-reflecting solar control glass, coupled with indoor building temperature control systems, can substantially reduce energy usage while maintaining the aesthetic appeal of architectural glass. In a recent New York Times article describing the large carbon footprint of New York City’s recent Hudson Yards development, developers counter that the buildings receiving criticism are in fact “[amongst] New York’s most energy-efficient Class A office towers.”<sup>(3)</sup>

In addition to solar control glass, significant strides have been made in the areas of self-cleaning glass and building-integrated photovoltaics, a glass alternative to roof solar panels. Substantial research and development is also focused on value-added fabrication processes to effectively produce these new products and address the industry’s push toward automation.

### Labor & Automation

Across the building products landscape, shortage of labor continues to be a challenge, and glass fabricators are grappling with the issue. Based on a recent Glass Magazine survey, 71% of fabricators cited lack of labor as a major challenge in 2018. A tight labor market, coupled with increased overseas competition (particularly from South America), has impacted local project pricing / margins.

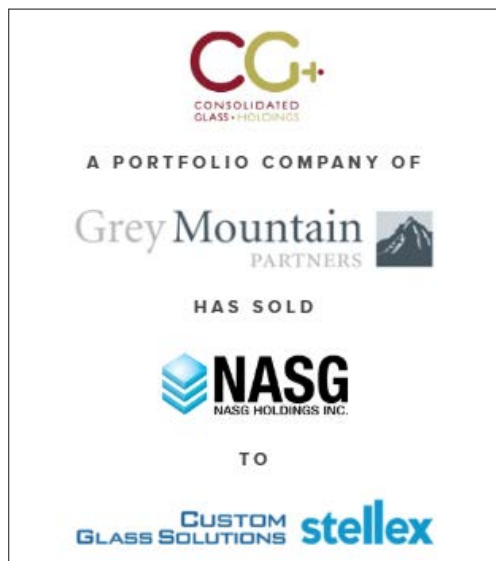
While a move toward automation requires significant investment, a growing number of fabricators are evaluating the cost / benefit in order to remain competitive, boost efficiency and improve quality and safety.

### Conclusion

The ability to effectively produce increasingly complex products to specification at competitive prices, while adhering to tight production schedules is critical for success in today’s industry landscape. Substantial investment is required to stay competitive and at the forefront of the category’s emerging trends, creating a “barbell” effect on the highly fragmented glass industry landscape. Large, more diversified players have capital available to invest in expanding solution offerings to effectively compete for new, leading projects. Coupled with foreign competition, the result is increased pressure on smaller, often regional fabricators, who – if proven to have a scalable model and regional or domain-specific market share – emerge as valuable acquisition targets.

Overall, the glass and glazing industry outlook remains positive over the long-term. We remain confident that economic tailwinds supporting the category, underscored by increased demand for energy efficiency and evolving aesthetic trends, will continue to drive the market.

## RECENT TM CAPITAL GLASS SECTOR EXPERIENCE



### Consolidated Glass Divests NASG to Custom Glass Solutions

- TM Capital served as exclusive financial advisor to SSI Consolidated Holdings, Inc., a portfolio company of Grey Mountain Partners, LLC,
- Consolidated Glass Holdings is a leading fabricator of high-quality architectural glass and security glazing products
- NASG is a leading glass fabricator of a full portfolio of framed assemblies for transportation markets including rail aftermarket and OEMs, armored vehicles, marine and other specialty markets
- Custom Glass Solutions, LLC is North America's leading producer of large-format, laminated glass systems focused on transportation applications
- Stellex is a private equity manager focused on middle-market companies going through business or industry transitions



### Antamex International Inc. Acquired by O3 Industries

- TM Capital served as exclusive financial advisor to Oldcastle BuildingEnvelope®, Inc.
- Oldcastle, is a premier supplier of glazing-focused interior and exterior products including architectural glass, metal, engineered systems and glazing hardware and supplies
- Antamex is a provider of custom high-performance unitized glass façade solutions and engineering design services for commercial, institutional, high-end residential and mixed-use projects across North America
- The Company has a 40+ year history of successfully completing a diverse array of marquee projects with a reputation for developing project-specific solutions unmatched by competitors



### J.E. Berkowitz Acquired by Consolidated Glass Holdings

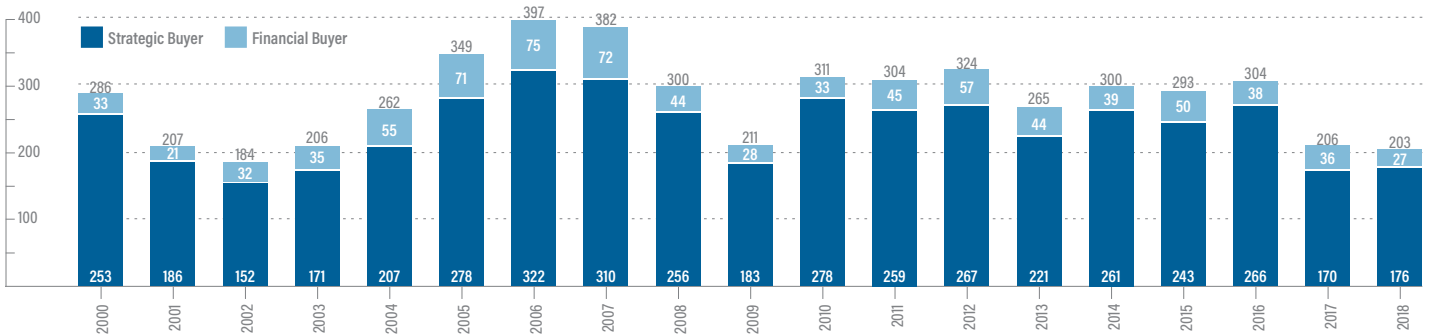
- TM Capital served as exclusive financial advisor to J.E. Berkowitz, L.P
- J.E Berkowitz fabricates a full suite of glass products including insulating, engineered, tempered and laminated glass for a range of buildings
- The Company is a critical value-added glass fabricator providing premium products, coupled with design and project management services
- Consolidated Glass Holdings, Inc., through its subsidiaries, operates in the architectural, security and custom glass and metal fabrication businesses
- Grey Mountain Partners, LLC is a middle-market private equity firm with approximately \$700 million of assets under management



# M&A TRENDS

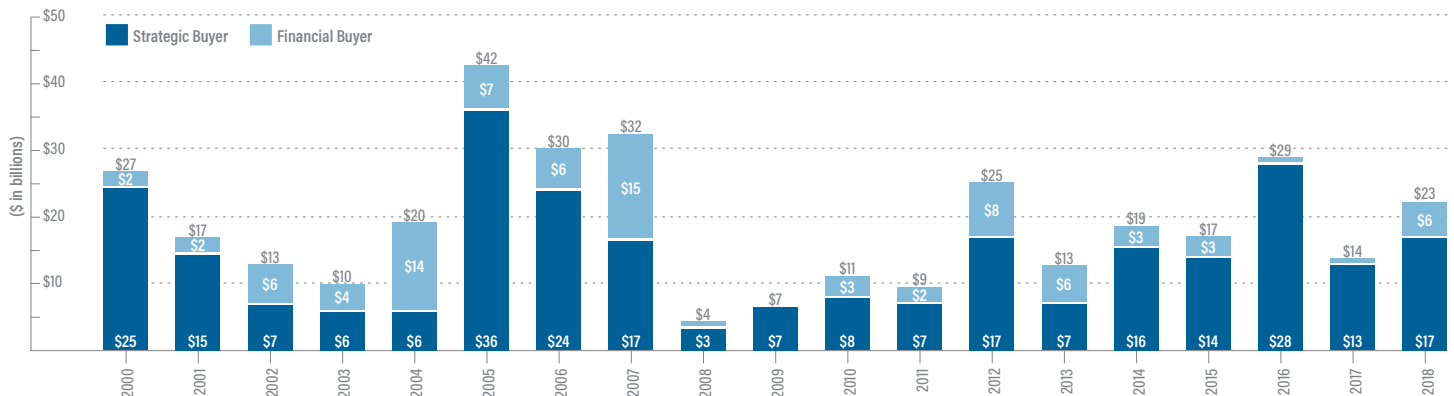
2018 was another strong year for M&A activity in the Building Products sector. Although deal volume remained consistent with 2017 figures, aggregate transaction deal value increased by over 50% from the previous year. Valuations were robust throughout the year, with both strategic and financial investors assigning premium purchase price multiples to companies that offer portfolio diversification, enable access to new markets, and unlock meaningful synergies. The level of high-quality, headline M&A deals signals positive momentum in the overall building products sector through 2019.

## U.S. AND CANADA BUILDING PRODUCTS ANNOUNCED DEAL VOLUME



Source: Capital IQ

## U.S. AND CANADA BUILDING PRODUCTS ANNOUNCED DEAL VALUE



Source: Capital IQ

In addition to the macroeconomic and demographic tailwinds that continue to propel M&A activity in the building products sector, both corporate and private equity investors continue to seek and invest in enduring long-term trends. Specifically, over the last twelve months we've witnessed particular interest in six emerging trends including:

1. Evolution of building codes & regulations
2. Investment in next generation technologies
3. The rise of family offices offering a long-term capital solution for building products companies
4. The hunt for efficient business models that minimize labor
5. Interest in "tuck-in" acquisitions that have a low risk relative to an acquiror's size
6. M&A focusing on efficiencies in distribution channel

## Evolution of Building Codes & Regulations

Building codes are subject to constant scrutiny and revision, which requires building product providers to periodically update their offering to address specified standards. A major catalyst for building code changes was Hurricane Andrew in 1992, which resulted in \$25 billion in damage according to the National Hurricane Centers. The aftermath of Hurricane Andrew spurred the eventual creation of the Florida Building Code, established in 2002. The importance of stringent building codes was clearly demonstrated in 2018, with evidence showing that strong, well-enforced building codes reduce loss and facilitate recovery. Over a two-month period from August through late September, three devastating hurricanes (Harvey, Irma, and Maria) each caused more than \$1 billion in damages, and collectively affected 25 million Americans, or almost 8% of the U.S. population, according to the Federal Emergency Management Agency. According to a report by the National Institute of Building Sciences (NIBS), "Natural Hazard Mitigation Saves: 2017 Interim Report," society saves \$4 for every \$1 in private sector investments that exceed select provisions in model building codes.

Because of Florida's leadership in hurricane codes, many states reference the requirements set in the Florida Building Code. Coastal communities up the eastern seaboard and in the Gulf of Mexico, in particular, are adopting more stringent building codes that were historically more prevalent in South Florida. As a result, companies that are well-aligned technologically to meet evolving regulatory requirements and can provide a full suite of customized solutions often market their capabilities and enjoy a significant selection advantage from builders and architects.

In recognition of this trend, large corporates are acquiring smaller companies that have product expertise in specific code-driven applications, such as hurricane-resistance. In January 2019, Marvin Companies, a manufacturer of windows and doors, acquired SIW Windows and Doors, a manufacturer of impact-resistant & hurricane-rated windows and doors, in order to "expand our coastal window and door capabilities and enable us to provide a broader array of design solutions to our customers," according to Marvin Companies CEO Paul Marvin.<sup>(1)</sup> In February 2018, Allegion, a provider of security products and solutions, acquired Technical Glass Products, a manufacturer of advanced fire-rated entrance and wall systems for institutions and non-residential buildings, to bolster its specification writing capabilities with impact-rated solutions. Additionally Allegion publishes overviews of severe weather codes in tandem with corresponding Allegion severe weather solutions to establish itself as the leading provider of impact-rated products.







## Investment in Next-Gen Technologies – the Smart Home and Synthetic Building Materials

In a bid to differentiate themselves from competitors and create enduring customer relationships, corporates are acquiring companies that can provide a foothold in the smart building and Internet of Things (“IoT”) sector. Navigant Research suggests that 2017 was a tipping point where building owners and key decision makers accelerated investments in intelligent building solutions that embody the technology foundation of digital transformation. Specifically, a desire for integrative technology solutions that drive cost reductions and energy efficiency for customers, the surging popularity of the as-a-service/subscription-based business model, and the importance of creating relationships between users and the buildings they occupy are driving demand for intelligent building solutions. This shift is increasingly important as Millennials accelerate home purchases and increase workforce participation.

In 2018, German conglomerate Siemens acquired three companies for its Siemens’ Building Technologies Division: J2 Innovations (open software platform for building automation and IOT applications), Enlighted (provider of smart IoT systems with a focus on efficient energy solutions) and Comfy (user-facing workplace experience app). While Siemens has historically had a strong presence in the building systems integration market, the three acquisitions provide an opportunity to add an additional level of data analytics that could further drive ROI to its existing customer base. Dave Hopping, President of Siemens’ Building Technologies Division – Americas, noted that “offering a well-optimized and integrative approach that eliminates duplication is essential . . . the way to achieve these customer goals is by building before and after models that provide a clear picture of cost reductions and energy savings for Siemens customers and by offering “as-a-service” platforms, which are picking up traction across the smart building market.”<sup>(1)</sup>

In another example, building products manufacturer Louisiana Pacific identified four trends that will affect the building products industry in its 2018 Building Materials Industry e-book. It cited increasing demand for products that are resilient, sustainable, easily installed and have an emphasis on construction efficiency.

In addition to electronic technology focused solutions, synthetic building products including roof shingles, decking, siding and exterior trim, hold significant advantages over traditional building materials and address the emerging trends.



Synthetic materials are often derived from non-man-made materials including virgin and recycled vinyl, PVC, composites, polymers and urethanes. Advances in plastic composite formulations and manufacturing technology have made it possible to engineer synthetic building materials to provide specific performance characteristics such as strength or stiffness.

As a result, synthetic building materials are increasingly favored by building professionals and homeowners for both new construction and retrofit/remodel projects due to their durability, low maintenance, light weight, easy installation, and attractive price points compared to traditional materials. The versatility of synthetic materials make it a popular choice for both commercial and residential applications. Examples of recent M&A supporting these trends include:

- ***In September 2018, Fortune Brands Home & Security acquired Fiberon***, a manufacturer of composite outdoor decking, railing and fencing products. Chris Klein, CEO of Fortune Brands, said "Fiberon brings leadership in performance materials sustainably made in the U.S.A. from recycled materials. Similar to Therma-Tru's leadership in advanced material doors, Fiberon has built its business in the most attractive segment of the decking category – non-wood, capped composites." According to Business Wire's press release announcing the acquisition, the \$2.5 billion decking market is a critical part of outdoor living spaces with growing conversion to non-wood materials. Capped composite non-wood products where Fiberon has focused its business are growing at nearly 10% annually and now represent approximately one quarter of the decking market. This exceptional growth is driven by demand for innovations in finishes, textures, colors and styles coupled with low maintenance and lasting durability versus traditional wood.
- ***In May 2018, Armstrong World Industries acquired Plasterform***, a manufacturer of custom composite architectural cast ceilings, walls, facades, columns and moldings. In Armstrong's Q4 2018 Earnings Call, Vic Grizzle, CEO & President of Armstrong World Industries, stated that 2018 growth was fueled by gains in the Architectural Specialties segment. In the Architectural Specialties segment, full year sales grew 27% and organic sales were up an impressive 20%, significantly outpacing the underlying market. This segment includes Plasterform, which added important capabilities and capacity to Armstrong's specialty ceiling portfolio.
- ***In November 2018, The Sterling Group acquired Tangent Technologies***, a provider of plastic lumber solutions (made from recycled HDPE) serving the outdoor living market. Tangent's plastic lumber products are wood-free and tout sustainability, lower maintenance and durability as competitive advantages over wood-based building products.





- ***In September 2018, Audax Private Equity's portfolio company Innovative Chemical Products acquired Signature Sports Flooring,*** a provider of synthetic and hardwood sports flooring systems. Signature Sports Flooring was divested from Signature Systems Group, a manufacturer of high-performance composite matting.

### **Continued M&A Interest from Family Offices**

Two key demand drivers for the building-products space are the homebuilding and repair-and-remodeling markets. Research conducted by Freddie Mac suggests the growth trend for existing- and new-home sales will continue through 2019.<sup>(1)</sup> Despite these positive macroeconomic trends, the building products sector is often overlooked by traditional private equity investors due to its cyclical nature.

While research from Morgan Stanley suggests that the U.S. economy has passed the cycle's midpoint<sup>(2)</sup>, the building products sector continues to represent an attractive opportunity to a and emerging long-term capital focused investor: the family office.

A defining feature of family offices is their commitment to "patient capital", as their decisions are not shaped by the need to exit in a typical 5-7 year institutional private equity cycle. Family offices typically believe in a longer-term, demographic-driven approach to the market and often have experience in significant real estate investments as part of a broader portfolio. This characteristic enables family offices to navigate homebuilding cycles while executing bolt-on strategies, making operational improvements and injecting capital for new initiatives including technology adoption.

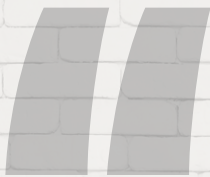
Evidencing family offices' continued M&A appetite for building products, Mantucket Capital recapitalized Dynamic Roofing, a commercial, multi-family and residential roofing repair and replacement company, in March 2019.

In the same week, The Stephens Group acquired Sound Seal, a manufacturer of acoustical noise control solutions including soundproof doors and windows. Sound Seals' CEO Joe Lupone commented, "The Stephens Group provides Sound Seal with much more than just capital. Their value-added approach to enabling organic and acquisitive growth will help us achieve our strategic vision and build long-term value without the timeline constraints of a traditional private equity investor".<sup>(3)</sup>

(1) Freddie Mac Investor Presentation (May 2019)

(2) Morgan Stanley Investment Management, "When Will the Cycle End?" (2018)

(3) Talk Business & Politics – The Stephens Group Press Release (March 2019)



***The Stephens Group provides Sound Seal with much more than just capital. Their value-added approach to enabling organic and acquisitive growth will help us achieve our strategic vision and build long-term value without the timeline constraints of a traditional private equity investor."***

***– Joe Lupone, CEO, Sound Seal***



## Labor Efficient Business Models

Due to the tightening labor market and the effects of the current tariff environment on the price of raw materials, the cost of construction continues to increase. The Turner Building Cost Index increased 6.0% from Q1 2018 to Q1 2019 after growing at a similar rate in years prior. In addition, worker productivity in the construction industry remains at levels similar to the mid-1990s, whereas worker productivity in manufacturing has nearly doubled in the same timeframe.<sup>(1)</sup> As a result, many large contractors are looking to construction management software to take cost out of the process and increase efficiencies. Additionally, investment are being made in modular construction, which offers a more efficient alternative to traditional contractors by applying manufacturing techniques to larger scale construction is increasing.

The construction management software space has consolidated significantly in recent years, as a few large companies attempt to offer more comprehensive and interoperable solutions to customers.

On November 26, 2018, Autodesk, the leader in Computer Assisted Design products used in the design phase of most construction projects, announced its \$875 million acquisition of PlanGrid, a startup that increases the efficiency of information flow between architects, engineers and contractors by providing a central digital repository for design and paperwork related to a project.

In order to offer contractors a comprehensive suite of software, Autodesk also acquired Assemble Systems, a real-time cost and scheduling data platform, and Building Connected, a full preconstruction platform that includes bid management and risk analysis, in 2018. Autodesk's rival consolidator Trimble was also active in the M&A market in 2018. Trimble believes that its \$1.2 billion acquisition of Viewpoint Construction Software, a financial and resource management platform, and \$500 million acquisition of e-builder, a capital project management platform for investors, will create an end-to-end construction management solution.

Other high profile 2018 deals in the space included Fortive's \$775 million acquisition of Gordian, a cost and workflow management platform, and Hexagon's acquisition of AGTEK, a planning and productivity platform for the civil construction market.

Many investors also see modular construction, a method of constructing buildings piecemeal in a factory setting, as an answer to construction's productivity and cost problem. Similar methods have long been used for producing manufactured homes, however several startups are now producing large-scale apartment buildings in factories. Kattera, a three-year old modular construction start-up, received an \$865 million investment from the Softbank Vision Fund in 2018 and has raised well in excess of \$1 billion in venture capital. Kattera and other similar start-ups take cost out of the construction process by introducing standardization, building in a controlled setting and eliminating the subcontractor model.

The initial market for modular housing will be urban areas, where building costs for traditional contractors are especially high, resulting in an acute shortage of affordable housing for low income families. Kattera and its peers could be attractive acquisition targets for large contractors looking to capitalize on shifting industry trends or traditional manufactured housing producers such as Clayton Homes or Skyline Champion.

The outlook for digitization of the construction industry is strong; \$18 billion of venture capital was invested in construction technology in the last five years, double the amount of the previous five years. In addition, under penetration of off-site construction in the U.S. relative to other developed markets and more than \$2 billion in investment in the U.S. modular housing category portend the increasing use of modular construction for its labor and cost advantages.

## Middle-Market Corporate "Tuck-In" Acquisitions

Global strategic acquirers are increasingly looking to the middle market for acquisition targets that will complement their strategy. While each acquisition may not be transformational in its own right, making a series of smaller acquisitions can be an effective tool for public and large private companies to pursue their strategic aims while diversifying the operating risk associated with larger, single acquisitions.

Emerging leaders in niche markets have been highly acquisitive, using small deals to consolidate highly fragmented markets, realize synergies and establish a leading market position.

(1) McKinsey & Co., "The construction productivity imperative" (2015)











Foundation Building Materials, a distributor of wallboard, suspended ceiling and metal framing products, has been highly acquisitive in 2017 and 2018 with the goal of expanding its geographic coverage. Installed Building Products, a leading installer of insulation and other home building products, made 13 acquisitions of smaller competitors in 2018, expanding its geographic reach while establishing itself as the only competitor with scale in a highly fragmented market.

Established market leaders also benefit from smaller acquisitions and often use them to enter attractive adjacencies and position themselves ahead of market trends. ASSA ABLOY, the world's largest access control company, made a record 11 acquisitions in 2018 with a focus on adding cutting-edge technologies to its portfolio. ASSA ABLOY's 2018 acquisitions added technology for adjacent applications such as last mile delivery lockers and biometric security systems to its portfolio. Ferguson plc, the leading distributor of plumbing and heating products, has used middle market acquisitions to broaden its product offering and bolster its online presence, such as its acquisition of Supply.com

In B2B markets, where the customer universe is limited and suppliers serve most or all major manufacturers, strategic acquirers use tuck-in acquisitions to further increase penetration with existing customers and consolidate corporate overhead. Patrick Industries and LCI Industries, suppliers of building products to the manufactured housing and large transportation equipment markets, made a series of acquisitions in 2018 with a focus on increasing their content supplied per OEM unit manufactured in core markets. Patrick's acquisition of LaSalle Bristol Corporation increased its content per manufactured home and RV by \$1,340 and \$180 respectively and was expected to generate more than 7% of the purchase price in synergies.


In large and highly fragmented markets, several large competitors will use tuck-in acquisitions to establish strength in a specific geography.

In the concrete and aggregates markets, major players such as CRH plc, Summit Materials and U.S. Concrete are using smaller tuck-in acquisitions to consolidate core geographic markets by vertically integrating the supply chain in the region. CRH, Summit and U.S. Concrete were highly acquisitive in 2018, buying up regionally- and locally-focused sand and gravel production operations, concrete and cement manufacturing operations and distributors of construction materials and aggregates.

Regardless of specific market dynamics, strategic corporate acquirers have clearly been more active in 2018, accounting for a greater portion of overall deal volume than 2017. We expect continued consolidation in the coming years as private equity-backed platforms attempt to roll-up highly fragmented building products categories.

### **M&A Focused on Distribution Efficiencies**

Many sectors of the building products industry still employ a legacy two-step distribution model, which creates an additional layer of cost and an additional degree of separation between the manufacturer's incentives and the ultimate end consumer's needs. Companies that can disintermediate the two-step distribution model will gain a distinct advantage in cost and efficiency over legacy competitors. In response, two-step distributors will need to consolidate their distribution footprints to increase margins.




The trend toward one-step distribution and direct-to-consumer (or direct-to-professional) will drive M&A activity in the building products industry for years to come, regardless of cyclicity in the broader economy. Traditional wholesale distributors sell building products to local distributors, who in turn sell to contractors.

A one-step distributor must have the national distribution and logistics capabilities of a wholesale distributor as well as the market expertise and relationships of a local distributor. The roofing distribution market offers a prime example of the trend toward one-step distribution. SRS Distribution, a national one-step roofing distributor, made a series of more than 60 acquisitions of regional and local distributors over the last decade and continues to complete acquisitions in markets where it does not have coverage. Beacon Roofing Supply has created a national network of local distributors in part through acquisitions of local and regional distributors but also through major acquisitions of other national players. Its acquisitions of Roofing Supply Group in 2015 and Allied Building Products in 2018 added significant infrastructure in major regional markets where Beacon's network was lacking, while enabling Beacon to realize synergies from consolidating dealer networks in regions where there was overlap.

Beacon's January 2018 acquisition of Allied, for which it paid an above-market ~13.5x Adjusted EBITDA, also brought to bear a robust presence in direct-to-pro e-commerce, a distribution channel that is set for rapid growth. While some large building products distributors, such as W.W. Grainger, have attempted to develop e-commerce platforms in-house, acquiring a proven platform all but eliminates the investment risk. Ferguson, the two-step distributor of plumbing and other building products, was a pioneer of this strategy, first acquiring Build.com in 2007 and then Supply.com in 2017. We expect e-commerce platforms to continue to command high multiples as large distributors seek to eliminate some of the cost associated with a national network of local dealers and the construction industry moves toward a level of digitization more in line with the broader economy.

Some large two-step distributors are committed to the business model and doubling down by consolidating their distribution footprints.

BlueLinx, a leading wholesale distributor of lumber and other building products, completed its \$413 million acquisition of Cedar Creek in March 2018 to broaden its product offering, consolidate distribution centers in common markets and increase stickiness with customers. Highly fragmented building products categories present opportunities for private-equity investors to provide distributors with capital to make network consolidating acquisitions or use national wholesale networks as platforms to create a one-step distributor through the consolidation of local dealers.



***Acquisitions remain a key component of our growth plan and we continue to have a robust pipeline of acquisition opportunities across multiple geographies, products and end markets."***

***- Jeff Edwards, Chairman & CEO of Installed Building Products, Inc.***

# STRATEGIC CONSOLIDATORS

Core Brand / Acquirer	Acquired Brands / Companies (Year Acquired)				
HVAC & Lighting					
 7 Transactions Since 2014	 2018	 2018	 2016	 2015	 2015
 16 Transactions Since 2014	 2019	 2018 (Cooling Business)	 2018	 2018	 2017
 21 Transactions Since 2014	 2018	 2017	 2017	 2017	 2017
 17 Transactions Since 2014	 2018	 2018	 2018	 2018	 2018
Surfaces					
 11 Transactions Since 2014	 2018	 2018	 2017	 2017	 2015
 12 Transactions Since 2014	 2018 (Certain Assets)	 2018	 2018	Assets of Grass Manufacturers Pty Ltd. 2018	 2017
Windows, Doors & Cabinetry					
 58 Transactions Since 2014	 2019	 2019	 2018	 2018	 2018
	 2018	 2018	 2018	 2018	 2018
 7 Transactions Since 2014	 2018	 2017	 2016	 2016	 2015
 22 Transactions Since 2014	 2019	 2019	 2018	 2018	 2018
 12 Transactions Since 2014	 2019	 2018	 2018	 2018	 2017
 8 Transactions Since 2014	 2018	 2018	 2018	 2017	 2015
 5 Transactions Since 2014	 2018	 2017	 2016	 2016	 2015

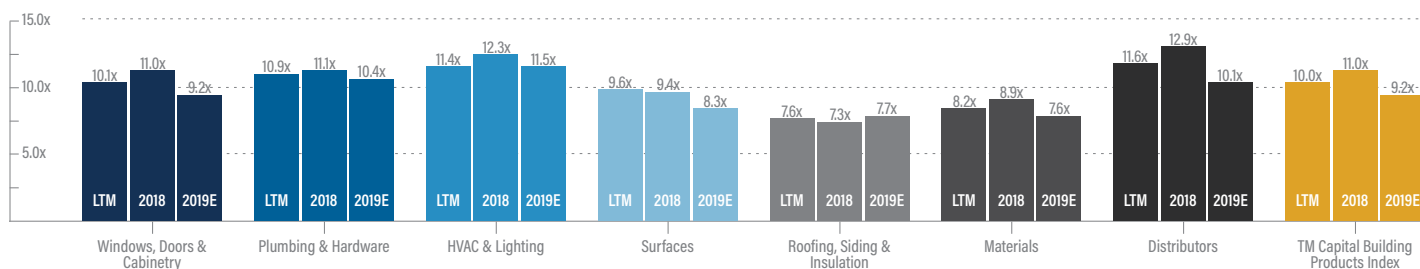


Core Brand / Acquirer	Acquired Brands / Companies (Year Acquired)				
Distributors					
 45 Transactions Since 2014	Assets of Metro Building Products				Assets of Landis Supply - New Jersey
	2019	2019	2018	2018	2018
		Assets of Alliance Wholesale Supply	DeFoor Acoustical		
2018	2018	2018	2018	2108	
 20 Transactions Since 2014					
	2018	2018	2018	2017	2017
			BJ BUILDING MATERIAL SUPPLY CO		
2017	2017	2016	2016	2016	
 9 Transactions Since 2014					
	2019	2019	2018	2017	2017
	 47 Transactions Since 2014				
2019		2019	2018	2018	2018
 18 Transactions Since 2014					
	2019	2019	2018	2018	2018
	 43 Transactions Since 2014				
2019		2019	2018 (Certain Assets)	2018	2018
Certain Assets of Devine Lumber					CSI Components
2017	2017	2016	2016	2016	
 46 Transactions Since 2014					Seven Seas Inc.
	2019	2018	2018	2018	2018
					
2018	2018	2018	2018	2018	
Plumbing & Hardware					
 4 Transactions Since 2014					
	2018	2017	2015	2015	
 6 Transactions Since 2014					
	208	2017	2016	2015	2014
 10 Transactions Since 2014					
	2019	2018	2018	2018	2018

# VALUATION CONSIDERATIONS

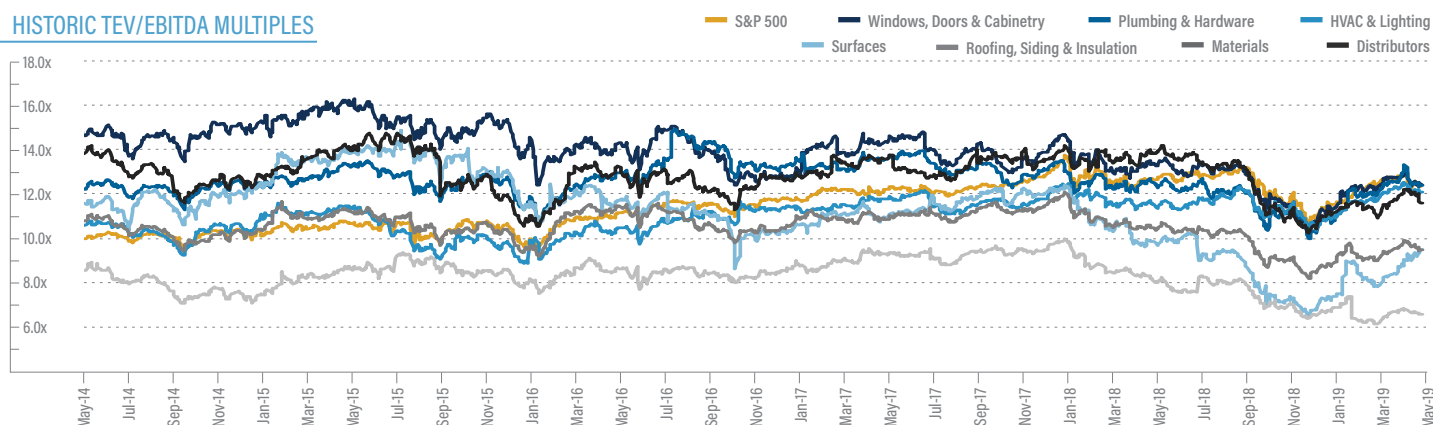
The charts below provide valuation metrics and stock performance for the major sub-segments within the Building Products industry. Since the release of TM Capital's 2018 Building Products Report, valuation multiples across all sub-sectors was TEV / EBITDA multiple expansion – building products companies have continued to generate sales and earnings growth and buyers remain willing to pay premiums to position themselves for long-term growth.

## GUIDELINE PUBLIC COMPANY TEV/EBITDA MULTIPLES



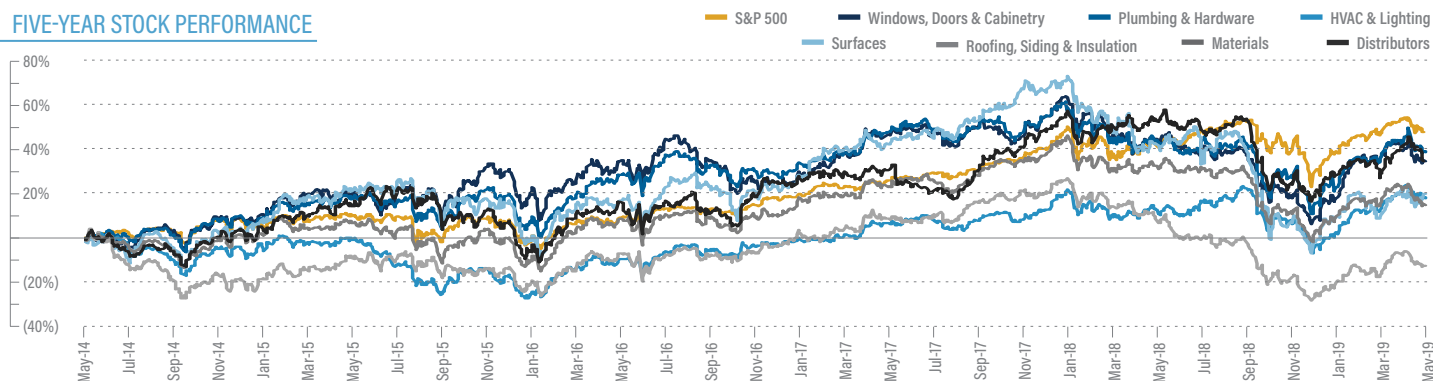
Source: Capital IQ

## HISTORIC TEV/EBITDA MULTIPLES



Source: Capital IQ

## FIVE-YEAR STOCK PERFORMANCE



Source: Capital IQ

# APPENDIX: SUPPORTING DATA

Company	EV	Revenue			EBITDA			EV / EBITDA			Rev. Growth		EBITDA Margins	
		LTM	2018	2019E	LTM	2018	2019E	LTM	2018	2019E	5Yr. CAGR	2019E	LTM	2019E
Selected Public Companies - Windows, Doors & Cabinetry														
American Woodmark Corporation	\$2,108	\$1,645	\$1,250	\$1,651	\$237	\$167	\$246	8.9x	12.6x	8.6x	178%	32.1%	14.4%	14.9%
ASSA ABLOY AB (publ)	25,789	9,086	8,777	9,718	1,498	1,422	1,809	172	181	14.3	10.4%	10.7%	16.5%	18.6%
Fortune Brands Home & Security, Inc.	9,830	5,558	5,485	5,858	874	855	939	11.3	11.5	10.5	79%	6.8%	15.7%	16.0%
Masco Corporation	14,132	8,347	8,359	8,560	1,381	1,393	1,440	10.2	10.1	9.8	4.1%	2.4%	16.5%	16.8%
Masonite International Corporation	2,151	2,183	2,170	2,245	259	257	290	8.3	8.4	74	4.1%	3.5%	11.9%	12.9%
PGT Innovations, Inc.	1,263	732	698	787	126	120	147	10.0	10.5	8.6	20.8%	12.6%	17.2%	18.7%
Median	\$5,991	\$3,870	\$3,828	\$4,052	\$566	\$556	\$615	10.1x	11.0x	9.2x	9.1%	8.8%	16.1%	16.4%
Mean	9,212	4,592	4,457	4,803	729	702	812	11.0	11.9	9.9	10.8%	11.3%	15.4%	16.3%

Selected Public Companies - Plumbing & Hardware														
ASSA ABLOY AB (publ)	\$25,789	\$9,086	\$8,777	\$9,718	\$1,498	\$1,422	\$1,809	172x	181x	14.3x	10.4%	10.7%	16.5%	18.6%
Fortune Brands Home & Security, Inc.	9,830	5,558	5,485	5,858	874	855	939	11.3	11.5	10.5	79%	6.8%	15.7%	16.0%
Ingersoll-Rand Plc	33,247	15,860	15,668	16,500	2,361	2,325	2,618	14.1	14.3	12.7	5.1%	5.3%	14.9%	15.9%
Masco Corporation	14,132	8,347	8,359	8,560	1,381	1,393	1,440	10.2	10.1	9.8	4.1%	2.4%	16.5%	16.8%
Mueller Water Products, Inc.	1,786	931	916	985	164	157	203	10.9	11.4	8.8	(3.6%)	7.6%	17.6%	20.6%
Newell Brands Inc.	13,992	8,532	8,631	8,380	961	918	1,023	14.6	15.2	13.7	79%	(2.9%)	11.3%	12.2%
Rexnord Corporation	3,750	2,051	1,852	2,057	412	377	443	9.1	10.0	8.5	0.2%	11.1%	20.1%	21.5%
Richelieu Hardware Ltd.	917	751	747	766	77	79	75	11.9	11.7	12.2	9.7%	2.4%	10.2%	9.9%
Spectrum Brands Holdings, Inc.	5,213	3,128	3,146	3,795	480	500	563	10.9	10.4	9.3	(3.5%)	20.6%	15.3%	14.8%
Stanley Black & Decker, Inc.	26,299	14,107	13,982	14,719	2,426	2,436	2,382	10.8	10.8	11.0	5.4%	5.3%	17.2%	16.2%
Toto Ltd.	6,190	5,351	5,407	5,388	580	675	600	10.7	9.2	10.3	1.3%	(0.4%)	10.8%	11.1%
Tyman plc	876	750	750	810	121	121	138	72	72	6.3	12.7%	8.0%	16.2%	17.0%
Villeroy & Boch AG	473	941	955	984	82	82	90	5.7	5.8	5.3	2.8%	3.0%	8.8%	9.1%
Watts Water Technologies, Inc.	3,008	1,575	1,565	1,603	243	240	254	12.4	12.5	11.8	1.1%	2.4%	15.4%	15.8%
Median	\$5,702	\$4,239	\$4,277	\$4,592	\$530	\$587	\$581	10.9x	11.1x	10.4x	4.6%	5.3%	15.6%	16.0%
Mean	10,393	5,498	5,446	5,723	833	827	898	11.2	11.3	10.3	4.4%	5.9%	14.8%	15.4%

Selected Public Companies - HVAC & Lighting														
Acuity Brands, Inc.	\$5,478	\$3,792	\$3,680	\$3,833	\$559	\$547	\$634	9.8x	10.0x	8.6x	9.9%	4.2%	14.7%	16.5%
Daikin Industries,Ltd.	39,133	22,651	20,912	22,615	3,429	3,182	3,201	11.4	12.3	12.2	6.8%	8.1%	15.1%	14.2%
Eaton Corporation plc	40,355	21,663	21,609	22,319	3,906	3,875	4,102	10.3	10.4	9.8	(0.2%)	3.3%	18.0%	18.4%
Ingersoll-Rand Plc	33,247	15,860	15,668	16,500	2,361	2,325	2,618	14.1	14.3	12.7	5.1%	5.3%	14.9%	15.9%
Johnson Controls International plc	48,003	31,708	31,400	24,069	4,666	4,716	3,442	10.3	10.2	13.9	(9.1%)	(23.3%)	14.7%	14.3%
Koninklijke Philips N.V.	39,661	20,515	20,281	21,553	2,937	2,873	3,771	13.5	13.8	10.5	(2.1%)	6.3%	14.3%	17.5%
Lennox International Inc.	12,194	3,839	3,884	3,910	550	560	747	22.2	21.8	16.3	3.0%	0.7%	14.3%	19.1%
Schneider Electric S.E.	52,398	28,786	28,786	30,440	4,699	4,699	5,284	11.1	11.1	9.9	1.7%	5.7%	16.3%	17.4%
United Technologies Corporation	157,170	69,624	66,501	76,665	11,875	11,256	13,699	13.2	14.0	11.5	5.8%	15.3%	17.1%	17.9%
Median	\$39,661	\$21,663	\$20,912	\$22,319	\$3,429	\$3,182	\$3,442	11.4x	12.3x	11.5x	3.0%	5.3%	14.9%	17.4%
Mean	47,516	24,271	23,636	24,656	3,887	3,782	4,167	12.9	13.1	11.7	2.3%	2.8%	15.5%	16.8%

Selected Public Companies - Surfaces														
Armstrong World Industries, Inc.	\$4,938	\$990	\$975	\$1,065	\$296	\$287	\$402	16.7x	17.2x	12.3x	(3.8%)	9.2%	29.9%	37.8%
Caesarstone Ltd.	481	568	576	578	71	72	74	6.7	6.6	6.5	5.3%	0.4%	12.5%	12.7%
Interface, Inc.	1,638	1,237	1,180	1,364	171	173	211	9.6	9.4	7.7	6.3%	15.7%	13.8%	15.5%
Louisiana-Pacific Corporation	2,859	2,719	2,828	2,590	560	659	369	5.1	4.3	7.7	6.0%	(8.4%)	20.6%	14.3%
Mohawk Industries, Inc.	14,055	10,014	9,984	10,232	1,608	1,711	1,597	8.7	8.2	8.8	5.6%	2.5%	16.1%	15.6%

Source: Capital IQ & Pitchbook



Company	EV	Revenue			EBITDA			EV / EBITDA			Rev. Growth		EBITDA Margins	
		LTM	2018	2019E	LTM	2018	2019E	LTM	2018	2019E	5Yr. CAGR	2019E	LTM	2019E
Selected Public Companies - Surfaces (Continued...)														
Panariagroup Industrie Ceramiche S.p.A.	328	435	415	458	15	17	32	22.0	19.0	10.2	6.7%	10.4%	3.4%	70%
Tarkett S.A.	2,224	3,174	3,174	3,387	245	245	336	9.1	9.1	6.6	4.6%	6.7%	7.7%	9.9%
The Dixie Group, Inc.	153	395	405	NA	7	8	NA	21.5	18	NA	NA	NA	1.8%	NA
Trex Company, Inc.	3,905	693	684	726	183	193	200	21.3	20.2	19.5	13.1%	6.1%	26.4%	27.6%
Median	\$2,224	\$990	\$975	\$1,214	\$183	\$193	\$274	9.6x	9.4x	8.3x	5.8%	6.4%	13.8%	14.9%
Mean	3,398	2,247	2,247	2,550	351	374	403	13.4	12.5	9.9	5.5%	5.3%	14.7%	17.5%

Selected Public Companies - Roofing, Siding & Insulation														
Carlisle Companies Incorporated	\$8,864	\$4,567	\$4,480	\$4,864	\$750	\$725	\$875	11.8x	12.2x	10.1x	8.7%	8.6%	16.4%	18.0%
Compagnie de Saint-Gobain S.A.	29,541	46,753	46,753	48,305	5,476	5,476	5,259	5.4	5.4	5.6	2.4%	3.3%	11.7%	10.9%
James Hardie Industries plc	6,892	2,507	2,055	2,500	541	488	520	12.7	14.1	13.3	10.8%	21.7%	21.6%	20.8%
Louisiana-Pacific Corporation	2,859	2,719	2,828	2,590	560	659	369	5.1	4.3	7.7	6.0%	(8.4%)	20.6%	14.3%
Owens Corning	9,352	7,033	7,057	7,143	1,236	1,276	1,282	7.6	7.3	7.3	6.3%	1.2%	17.6%	18.0%
Median	\$8,864	\$4,567	\$4,480	\$4,864	\$750	\$725	\$875	7.6x	7.3x	7.7x	6.3%	3.3%	17.6%	18.0%
Mean	11,501	12,716	12,634	13,080	1,713	1,725	1,661	8.5	8.7	8.8	6.9%	5.3%	17.6%	16.4%

Selected Public Companies - Materials - Architectural Paint														
Masco Corporation	\$14,132	\$8,347	\$8,359	\$8,560	\$1,381	\$1,393	\$1,440	10.2x	10.1x	9.8x	4.1%	2.4%	16.5%	16.8%
PPG Industries, Inc.	30,711	15,217	15,374	15,595	2,235	2,259	2,584	13.7	13.6	11.9	1.1%	1.4%	14.7%	16.6%
The Sherwin-Williams Company	51,018	17,610	17,534	18,331	2,471	2,497	3,204	20.6	20.4	15.9	10.5%	4.5%	14.0%	17.5%
\$2,259	\$30,711	\$15,217	\$15,374	\$15,595	\$2,235	\$2,259	\$2,584	13.7x	13.6x	11.9x	4.1%	2.4%	14.7%	16.8%
2,050	31,954	13,725	13,756	14,162	2,029	2,050	2,409	14.9	14.7	12.5	5.2%	2.8%	15.1%	17.0%

Selected Public Companies - Materials - Building Boards														
Canfor Corporation	\$2,058	\$3,691	\$3,754	\$3,950	\$458	\$648	\$385	4.5x	3.2x	5.3x	9.7%	5.2%	12.4%	9.7%
Interfor Corporation	782	1,570	1,627	1,481	205	254	117	3.8	3.1	6.7	6.6%	(9.0%)	13.0%	7.9%
Louisiana-Pacific Corporation	2,859	2,719	2,828	2,590	560	659	369	5.1	4.3	7.7	6.0%	(8.4%)	20.6%	14.3%
West Fraser Timber Co. Ltd.	3,482	4,461	4,553	4,037	798	989	471	4.4	3.5	7.4	7.1%	(11.3%)	17.9%	11.7%
Weyerhaeuser Company	23,747	7,254	7,575	6,833	1,683	1,860	1,559	14.1	12.8	15.2	4.5%	(9.8%)	23.2%	22.8%
Median	\$2,859	\$3,691	\$3,754	\$3,950	\$560	\$659	\$385	4.5x	3.5x	7.4x	6.6%	(9.0%)	17.9%	11.7%
Mean	6,585	3,939	4,067	3,778	741	882	580	6.4	5.4	8.5	6.8%	(6.7%)	17.4%	13.3%

Selected Public Companies - Materials - Flat Glass														
Apogee Enterprises, Inc.	\$1,270	\$1,403	\$1,326	\$1,414	\$117	\$169	\$171	10.9x	7.5x	7.4x	12.9%	6.6%	8.3%	12.1%
AGC Inc.	14,064	13,804	13,903	14,062	2,127	2,207	2,402	6.6	6.4	5.9	2.7%	1.1%	15.4%	17.1%
Central Glass Co., Ltd.	1,414	2,093	2,080	2,128	207	161	214	6.8	8.8	6.6	4.0%	2.3%	9.9%	10.0%
CRH plc	34,025	29,983	29,983	32,280	3,745	3,745	4,510	9.1	9.1	7.5	8.8%	7.7%	12.5%	14.0%
Nippon Sheet Glass Company, Limited	3,596	5,594	5,513	5,608	587	601	622	6.1	6.0	5.8	0.3%	1.7%	10.5%	11.1%
PPG Industries, Inc.	30,711	15,217	15,374	15,595	2,235	2,259	2,584	13.7	13.6	11.9	1.1%	1.4%	14.7%	16.6%
Median	\$8,830	\$9,699	\$9,708	\$9,835	\$1,357	\$1,404	\$1,512	8.0x	8.1x	7.0x	3.3%	2.0%	11.5%	13.0%
Mean	14,180	11,349	11,363	11,848	1,503	1,524	1,751	8.9	8.5	7.5	5.0%	3.5%	11.9%	13.5%

Selected Public Companies - Materials - Other Materials														
BlueScope Steel Limited	\$4,267	\$8,631	\$7,973	\$8,743	\$1,343	\$1,096	\$1,258	3.2x	3.9x	3.4x	9.8%	9.6%	15.6%	14.4%
Compagnie de Saint-Gobain S.A.	29,541	46,753	46,753	48,305	5,476	5,476	5,259	5.4	5.4	5.6	2.4%	3.3%	11.7%	10.9%
Cornerstone Building Brands, Inc.	4,230	3,359	3,359	5,218	132	132	582	32.0	32.0	7.3	30.7%	55.3%	3.9%	11.2%
Eagle Materials Inc.	4,547	1,393	1,387	1,387	412	412	448	11.0	11.0	10.2	9.1%	0.0%	29.6%	32.3%
Fletcher Building Limited	4,028	6,102	6,199	6,049	603	166	567	6.7	24.2	7.1	1.9%	(2.4%)	9.9%	9.4%
Gibraltar Industries, Inc.	1,180	1,014	1,002	1,042	118	121	134	10.0	9.8	8.8	3.9%	4.0%	11.6%	12.9%

Source: Capital IQ & Pitchbook

Company	EV	Revenue			EBITDA			EV / EBITDA			Rev. Growth		EBITDA Margins	
		LTM	2018	2019E	LTM	2018	2019E	LTM	2018	2019E	5Yr. CAGR	2019E	LTM	2019E
Selected Public Companies - Materials - Other Materials (Continued...)														
Insteel Industries, Inc.	380	464	453	482	46	55	39	8.2	6.9	9.7	3.3%	6.3%	10.0%	8.1%
Owens Corning	9,352	7,033	7,057	7,143	1,236	1,276	1,282	76	7.3	7.3	6.3%	1.2%	176%	18.0%
Quanex Building Products Corporation	750	895	890	924	88	90	97	8.5	8.4	7.7	9.2%	3.9%	9.9%	10.5%
Simpson Manufacturing Co., Inc.	2,728	1,093	1,079	1,148	207	208	235	13.2	13.1	11.6	8.8%	6.4%	18.9%	20.5%
Vulcan Materials Company	20,040	4,525	4,383	4,831	1,141	1,123	1,294	176	178	15.5	10.0%	10.2%	25.2%	26.8%
Median	\$4,230	\$3,359	\$3,359	\$4,831	\$412	\$208	\$567	8.5x	9.8x	7.7x	8.8%	4.0%	11.7%	12.9%
Mean	7,367	7,388	7,321	7,752	982	923	1,018	11.2	12.7	8.6	8.7%	8.9%	14.9%	15.9%
Median	\$6,530	\$6,695	\$6,731	\$7,333	\$959	\$1,032	\$1,039	8.2x	8.9x	7.6x	5.3%	2.2%	13.2%	13.0%
Mean	15,022	9,100	9,127	9,385	1,314	1,345	1,439	10.3	10.3	9.3	6.4%	2.1%	14.8%	14.9%

Selected Public Companies - Distributors														
Beacon Roofing Supply, Inc.	\$5,783	\$7,021	\$6,418	\$7,196	\$493	\$461	\$556	11.7x	12.6x	10.4x	25.3%	12.1%	70%	7.7%
Boise Cascade Company	1,315	4,855	4,995	4,781	198	231	210	6.7	5.7	6.3	6.0%	(4.3%)	4.1%	4.4%
Builders FirstSource, Inc.	3,583	7,656	7,725	7,382	487	467	468	7.4	7.7	7.7	35.7%	(4.4%)	6.4%	6.3%
Ferguson plc	17,000	21,572	20,752	21,333	1,711	1,651	1,732	9.9	10.3	9.8	6.5%	2.8%	79%	8.1%
HD Supply Holdings, Inc.	9,338	6,047	5,121	6,016	816	705	865	11.4	13.2	10.8	(1.2%)	17.5%	13.5%	14.4%
SIG plc	1,244	3,475	3,475	3,326	92	92	157	13.6	13.6	7.9	(0.1%)	(4.3%)	2.6%	4.7%
Pool Corporation	8,073	3,010	2,998	3,246	346	341	388	23.3	23.7	20.8	76%	8.3%	11.5%	12.0%
Watsco, Inc.	6,443	4,551	4,547	4,729	386	385	419	16.7	16.7	15.4	3.7%	4.0%	8.5%	8.9%
Median	\$6,113	\$5,451	\$5,058	\$5,399	\$437	\$423	\$444	11.6x	12.9x	10.1x	6.3%	3.4%	7.5%	7.9%
Mean	6,597	7,273	7,004	7,251	566	541	599	12.6	12.9	11.1	10.5%	4.0%	7.7%	8.3%

Recent Acquisitions of North American Building Products Companies by Private Equity Firms			
Date	Target	Acquiror	Description
6/25/2019	Noise Barriers	Sound Seal (The Stephens Group)	Manufacturer of noise absorbing barrier systems
6/25/2019	Soho Studio	LongueVue Capital	Provider of mosaic, tile and specialty interior products
6/19/2019	MPL Holdings	Wynnchurch Capital	Provider of cultured marble bathroom products for the hospitality and multi-family housing markets
6/18/2019	Furey Filter & Pump	OTP Industrial Solutions (Genstar Capital)	Distributor of pumps and accessories
6/17/2019	Milliken Infrastructure Solutions	Clock Spring Company (Wind Point Partners)	Provider of geopolymer-based building materials
6/17/2019	Ross Technology	FC Crestone, Trendline Capital	Manufacturer of industrial storage, safety, architectural and perimeter security products
6/12/2019	Freeborn Lumber Company	American Construction Source (Angeles Equity Partners, Clearlake Capital Group)	Provider of lumber for home builders, building professionals and DIY customers
6/5/2019	Alum-A-Fold Pacific	Material Sciences (Sky Island Capital)	Producer of specialty coated metals
6/4/2019	Heritage Carpet & Tile	Artisan Design Group (The Sterling Group)	Provider of flooring products ranging from hardwood to marble tiles
6/4/2019	Formica	Broadview Holding (HAL Investments)	Manufacturer and distributor of decorative surfacing products
6/3/2019	The Door Mill	Homewood Holdings (Building Industry Partners)	Distributors of residential interior and exterior doors
5/31/2019	Mayflower Sales	Gen Cap America	Distributor of architectural hardware and locksmith supplies
5/31/2019	Presta Contractor Supply	SRS Distribution (Berkshire Partners, Leonard Green & Partners)	Manufacturer and distributor of residential and commercial building products
5/31/2019	Berg Wholesale	Banner Solutions (High Road Capital Partners)	Distributor of home hardware
5/30/2019	Sargent & Greenleaf	OpenGate Capital	Manufacturer and designer of locks and locking systems
5/29/2019	Anvil International (One Equity Partners)	Smith-Cooper International (Babson Capital Management, CDIB Capital International, China Development Financial Holding, Five Points Capital)	Manufacturer of pipe fittings and components
5/20/2019	Castelle Furniture	Brown Jordan International (Littlejohn & Co)	Manufacturer of luxury furnishings
5/9/2019	Christensen Lumber	Kodiak Building Partners (Court Square Capital Partners)	Supplier of pre-engineered lumber
5/8/2019	Signature Systems	Center Rock Capital Partners	Manufacturer and distributor of temporary flooring and fencing products
5/7/2019	NASG (Grey Mountain Partners)	Custom Glass Solutions (Stellex Capital Management)	Fabricator of architectural glass and security glazing products
5/3/2019	Nu-Wood Company	Artisan Design Group (The Sterling Group)	Manufacturer and designer of cabinetry
4/30/2019	Element Materials	SouthernCarlson (Kelso Private Equity)	Provider of construction supplies and equipment
4/23/2019	Alliance Designer Products	Wynnchurch Capital	Manufacturer of installation materials for use in residential and commercial hardscaping projects
4/22/2019	Easi-Serv Products	Quikserv (River Associates Investments)	Manufacturer of drive thru windows
4/16/2019	Kendell Doors & Hardware	Keystone Capital	Supplier of doors, hardware and home access & security solutions
4/15/2019	Sabre Industries (Kohlberg & Company)	The Jordan Company	Provider of engineered structures
4/15/2019	Butler Merchandising Solutions	Presence From Innovation (Advantage Capital, Capital For Business, Diamond State Ventures, Konza Valley Capital, MidStates Capital)	Provider of custom corrugated displays
4/3/2019	Bailey Lumber & Supply	US LBM Holdings (Kelso Private Equity)	Distributor of lumber and building materials
4/1/2019	Markraft Cabinets	Artisan Design Group (The Sterling Group)	Provider of cabinetry and counter-top services to homeowners and industry professionals
3/29/2019	Trinity Steel Fabricators (The CapStreet Group)	Patriot Erectors (Hillstar Capital, Ranch Creek Partners)	Provider of fabricated structural steel products
3/20/2019	Coastal Signage & Wayfinding	Arcapita	Provider of exterior and interior branding and wayfinding products
3/19/2019	PerforMax Global	C.H.I. Overhead Doors (Kohlberg Kravis Roberts)	Manufacturer of industrial doors
3/15/2019	Sound Seal (Hamilton Robinson Capital Partners)	The Stephens Group	Manufacturer and designer of commercial and architectural acoustic noise control products
3/14/2019	Prepac Manufacturing (Marin Investments)	TorQuest Partners	Designer, manufacturer and drop shipper of functional ready-to-assemble furniture and storage products
3/12/2019	Comfort Air Distributing	Munch's Supply (Columbus Nova, Rotunda Capital Partners, Runnymede Investments, Stephens)	Distributor of heating and air conditioning equipment
3/11/2019	Insulating Coatings Corporation	Innovative Chemical Products (Audax Group, Delos Capital)	Manufacturer of fluid-applied membrane systems
3/6/2019	ProcessBarron (The Sterling Group)	Carousel Capital	Manufacturer and designer of custom turn-key air and material handling equipment
3/4/2019	Builders Wholesale Flooring	Artisan Design Group (The Sterling Group)	Provider of flooring products and services
3/4/2019	Concrete Coatings	Fenix Group (Tonka Bay Equity Partners)	Manufacturing high-quality concrete restorative and decorative products
3/4/2019	RailFX	Nationwide Industries (Harbour Group)	Manufacturer of railing systems for commercial and residential use
3/1/2019	ADA Solutions	SureWex (The Riverside Company)	Manufacturer of detectable warning surface panels
3/1/2019	Prime Rentals	Cooper Equipment Rentals (SeaFort Capital)	Construction equipment rental company
2/28/2019	Jayco Manufacturing (J2 Partners)	Sage Metals (Ar2 and Delos Capital)	Manufacturer of customized metal-formed components
2/26/2019	Walpole Outdoors	Argosy Investment Partners	Manufacturer of fences, mailbox posts, lantern posts and other outdoor structures
2/22/2019	Roofing Products & Building Supply	SRS Distribution (Berkshire Partners, Leonard Green & Partners)	Distributor of roofing products & accessories, siding and brick
2/19/2019	Mammoth Carbon Products	Argonaut Private Equity	Distributor of pipes
2/14/2019	Stancor (Bratenahl Capital Partners, Knox Capital, Longview Asset Management)	Industrial Flow Solutions (May River Capital)	Manufacturer of electric pump systems and related controls
2/8/2019	Quest Building Products	Jon-Don (Trivest Partners)	Distributor of concrete surface prep products, equipment and services
2/4/2019	HC HoodCo	The Cook & Boardman Group (Littlejohn & Co)	Provider of commercial door products and services
2/1/2019	Construction Chemical Corporation	Coastal Construction Products (Supply Chain Equity Partners)	Manufacturer and distributor of construction and restoration solutions
2/1/2019	Clock Spring Company	Wind Point Partners	Manufacturer and provider of infrastructure construction and repair products
2/1/2019	Adell	Kinderhook Industries	Manufacturer of protective door edge guards
2/1/2019	Brasch Manufacturing	ASPEQ Heating Group (Bunker Hill Capital)	Manufacturer of electric heating equipment
2/1/2019	Metal Finishing Systems	Grand Northern Products (CenterOak Partners)	Distributor of metal finishing equipment and supplies
2/1/2019	Presco	NXT Capital, River Associates Investments	Manufacturer of commercial marking products and customized PVC films

Recent Acquisitions of North American Building Products Companies by Private Equity Firms			
Date	Target	Acquiror	Description
1/30/2019	Electrical Fasteners	Colony Hardware (Audax Group, Colony Hardware)	Distributor of construction tools and equipment
1/29/2019	Newgaard Mechanical	Pueblo Mechanical (Huron Capital Partners)	Provider of HVAC system equipment and services
1/23/2019	ABC Fire and Cylinder Service	Summit Companies (CI Capital Partners)	Provider of fire protection and life safety services and products
1/22/2019	Arjae HVAC and Mechanical Services	Coolsys (Audax Group)	Provider of sheet metal fabrication and installation
1/22/2019	E.M.S. Technologies	Albireo Energy (Huron Capital Partners)	Provider of building automation systems
1/21/2019	Warrior Building Products	Cameron Ashley Building Products (Highland Avenue Capital Partners, Pacific Avenue Capital Partners)	Distributor of building materials
1/21/2019	Star Rentals	Cooper Equipment Rentals (SeaFort Capital)	Provider of equipment rental services
1/18/2019	Automatic Supply	SRS Distribution (Berkshire Partners, Leonard Green & Partners)	Distributor of landscaping, irrigation, outdoor lighting and related products
1/14/2019	Hoffman Instrumentation Supply	LVL3	Manufacturer and distributor of steel components and systems
1/14/2019	Stride Tool (4C Capital, Capitala Group)	DiversiTech (Permira)	Manufacturer of specialty hand tools
1/14/2019	API Heat Transfer (Wellspring Capital Management)	Guggenheim Partners, Littlejohn & Co	Manufacturer of industrial heat exchangers and heat transfer systems
1/7/2019	Quoizel	Nielsen Bainbridge (Sycamore Partners Management)	Manufacturer of decorative lighting
1/7/2019	Standard Bent Glass	Ibis Tek (Rockwood Equity Partners)	Supplier of custom fabricated glass products
1/3/2019	Antamex International	O3 Industries	Supplier of high-performance curtain wall systems
1/2/2019	Marcone Appliance Parts	Sterling Investment Partners	Distributor and exporter and distributor of appliance parts and accessories
1/2/2019	Mud Bay Manufacturing	Building Industry Partners (Homewood Holdings)	Manufacturer and contractor of siding products
1/1/2019	Hy Lite (Hampshire Equity Partners)	Miramar Capital Partners	Manufacturer and distributor pre-framed acrylic block windows
1/1/2019	XenonDepot	Kian Capital	Supplier of high-intensity discharge components
12/14/2018	Artisan Design Group (Dunes Point Capital)	The Sterling Group	Provider of residential flooring services
12/14/2018	I-XL Building Products	Equicapita	Distributor of brick, stone and building products
12/10/2018	Regent Stone Products	GranQuartz (The Stephens Group)	Distributor of stone fabrication and restoration tools and supplies
12/9/2018	ibs Millwork	Freelance Millwork (Ninth Street Capital Partners, Tecum Capital)	Manufacturer of architectural millwork
12/3/2018	All-Tex Supply	Construction Supply Group (Kingfish Group, The Sterling Group)	Distributor of specialty building materials
12/3/2018	Titan Construction Supply	Construction Supply Group (Kingfish Group, The Sterling Group)	Distributor of construction materials, accessories and tools
11/18/2018	The Melanson Company	Tecta America (ONCAP)	Provider of roofing services to the commercial, residential and industrial sectors
11/14/2018	Arrow Building Center (Aiglon Capital Management and Barings BDC, Marquette Capital Partners)	American Construction Source (Angeles Equity Partners, Clearlake Capital Group)	Provider of residential and commercial building and construction materials
11/9/2018	Northeast Building Products	Harvey Building Products (Dunes Point Capital)	Manufacturer of housing products intended for residential architecture
11/5/2018	L.J. Smith Stair Systems	Novo Building Products (Blue Wolf Capital Partners)	Manufacturer and supplier of staircase related parts
11/2/2018	Innovative Glass of America	American Insulated Glass (AV Capital, ORIX Mezzanine & Private Equity)	Manufacturer and distributor of flat and insulated glass
11/2/2018	Specialty Products & Insulation (Lone Star Funds)	Dunes Point Capital	Distributor of mechanical insulation and complementary products
11/1/2018	Coleman Floor Company	Interior Logic Group (Littlejohn & Co, Platinum Equity, The Gores Group)	Provider of flooring and installation services
11/1/2018	Wellborn Forest Products (Linsalata Capital Partners, PNC Erievue Capital)	HCI Equity Partners	Designer and manufacturer of semi-custom hardwood cabinets for home builders
10/31/2018	D.P. Doors & Millwork	Hillcrest Capital Partners, Spell Capital Partners	Manufacturer of pre-finished doors and trims
10/31/2018	Gyford StandOff Systems	Rowmark (Windjammer Capital Investors)	Designer and manufacturer of aluminum and stainless steel decorative hardware
10/29/2018	Lewis Cabinet Specialties	LongWater Opportunities	Manufacturer of custom cabinet doors, drawers and related wood products
10/22/2018	The Cook & Boardman Group (Barings BDC, Ridgemont Equity Partners)	Littlejohn & Co	Distributor of building specialty hardware and accessories
10/16/2018	Woonsocket Glass Fabricators	HMI Cardinal (The Riverside Company)	Wholesaler of fabricated glass products
10/12/2018	VanEx Fire Systems	Summit Companies (CI Capital Partners)	Provider of special hazard fire protection sales and services
10/11/2018	Indiana Limestone Company (Kingfish Group, Wynchurch Capital)	Polycor (PNC Mezzanine Capital, TorQuest Partners)	Provider and distributor of dimensional limestone products
10/10/2018	Universal Window Solutions	Banyan Capital Partners	Distributor of windows and doors
10/3/2018	Pebble Technology International	Graycliff Partners	Manufacturer and designer of swimming pool finishes and outdoor environments for pool construction
10/2/2018	HomeGuard Building Products	Ox Engineered Products (Wind Point Partners)	Supplier of comprehensive house-wrap products intended to protect buildings under construction and after completion
10/1/2018	Agan Drywall Supply	Foundation Building Materials (Lone Star Funds)	Distributor of building supplies and materials for residential and commercial projects
10/1/2018	Frontier Building Supply	Kodiak Building Partners (Court Square Capital Partners)	Supplier of building products
10/1/2018	Hercules Doors	Senneca Holdings (Kohlberg & Company)	Manufacturer of custom, controlled environment doors
10/1/2018	Moulure Alexandria Moulding (Industrial Opportunity Partners)	U.S. Lumber Group (Madison Dearborn Partners)	Manufacturer and distributor of moldings and related millwork products
10/1/2018	TRUCO	Inland Coatings (Midwest Growth Partners)	Manufacturer of roof coating products
9/28/2018	Hager Fox Heating & Air Conditioning	Randazzo Heating & Cooling (Five Points Capital, North Branch Capital, Schroder Adevq Management)	Providing of heating and cooling equipment and services
9/26/2018	Bobé Water & Fire	Custom Molded Products (Florida Capital Partners, Tenex Capital Management)	Manufacturer of outdoor decorative fire features, scuppers, water/fire pots, spillways and other unique metal fabricated products
9/26/2018	Meek's	Angeles Equity Partners and Clearlake Capital Group	Supplier of lumber and hardware
9/24/2018	Signature Sports Flooring	Innovative Chemical Products (Audax Group, Delos Capital)	Provider of flooring for the sports industry
9/21/2018	Koetter Construction Supply	SouthernCarlson (Kelso Private Equity)	Distributors of fasteners and building products
9/17/2018	OnSight Industries	Copeley Capital	Provider of signage, site furnishings, mailbox solutions
9/12/2018	Flos	Design Holding (Investindustrial, Private Equity Holding, The Carlyle Group)	Manufacturer of lighting products

Recent Acquisitions of North American Building Products Companies by Private Equity Firms			
Date	Target	Acquiror	Description
9/6/2018	Fabcon Precast (Platinum Equity)	Solace Capital Partners	Manufacturer of precast concrete products
9/4/2018	Blevins Building Supply	US LBM Holdings (Kelso Private Equity)	Distributor of building materials
8/23/2018	AIA Industries	Ogdon Ventures	Manufacturer of custom structural glass and plastic skylights for residential and commercial properties
8/21/2018	Sheds USA	Tuff Shed (St. Cloud Capital)	Provider of wooden storage products and related installation service
8/17/2018	Adams Manufacturing	BC Partners, Keter Group, Public Sector Pension Investment Board	Manufacturer of resin furniture and accessories
8/17/2018	VMC Technical Assistance	Aramco, Odyssey Investment Partners	Provider of training and performance products to polished concrete and natural stone industries
8/9/2018	The Shade Store (Great Hill Partners)	Leonard Green & Partners	Provider of custom window treatments
8/6/2018	Tommark	Munch's Supply (PNC Erievue Capital, Rotunda Capital Partners, Runnymede Investments, Stephens)	Distributor of HVAC and temperature control equipment
8/1/2018	Epko Industries	ShoreView Industries (GMB Mezzanine Capital, Northstar Capital)	Distributor and supplier of wall coverings and vertical interior surfaces
7/26/2018	Custom Wood Products (Wafra Partners)	Granite Bridge Partners	Manufacturer of custom cabinetry
7/23/2018	Home Dynamix	Town & Country Living (H.I.G. Capital)	Manufacturer and distributor of floor covering products
7/17/2018	Sterling Manufacturing	Interior Logic Group (Platinum Equity)	Provider of countertops and cabinets installation services intended for home builders
7/16/2018	Amalgamated Textiles	Town & Country Living (H.I.G. Capital)	Designer, manufacturer and supplier of window treatments and hardware
7/12/2018	Panels and Pipes	Hillcore Group	Provider of scaffolding and mechanical insulation services
7/10/2018	Koorsen Fire & Security	Summit Companies (CI Capital Partners)	Provider of fire protection and security equipment and services
7/9/2018	Superior Cabinets	KarpReilly, The Buller Family	Designer, manufacturer and supplier of cabinets
7/6/2018	Decor Flooring	Artisan Design Group (Dunes Point Capital)	Provider of residential and commercial floor covering
7/6/2018	Kermans Flooring	Artisan Design Group (Dunes Point Capital)	Designer and installer of flooring products
7/1/2018	Laminate Works Dallas	Wilsonart (Clayton, Dubilier & Rice)	Manufacturer and provider of high pressure laminated panels and component parts
6/30/2018	Forest Tek & Overseas Lumber Supply	Kodiak Building Partners (Court Square Capital Partners)	Provider of building materials
6/18/2018	Dellinger Precast	Eastern Vault Company (Cornerstone Capital Partners, PNC Mezzanine Capital)	Manufacturer of precast concrete products
6/18/2018	Versatex Building Products (AEA Investors and Highlander Partners)	The AZEK Company (Ares Private Equity Group, Ontario Teachers' Pension Plan)	Manufacturer and supplier of PVC building products
6/13/2018	Arizona & Nevada Home Supply	Westland Distributing (Ogdon Ventures)	Distributor of building products serving the manufactured housing and awnings industry
6/5/2018	Ceramic Technics	Happy Floors (Linsalata Capital Partners)	Supplier of tile and stone
6/4/2018	Builders Millwork	Kodiak Building Partners (Court Square Capital Partners)	Manufacturer and supplier of architectural and residential wood doors
6/4/2018	Master WoodCraft Cabinetry	ACProducts (American Industrial Partners)	Manufacturer and distributor of stock and semi-custom kitchen cabinetry
6/1/2018	Springs Window Fashions (Golden Gate Capital)	AEA Investors, British Columbia Investment Management	Provider of custom window covering products
6/1/2018	Midwest Lumber	U.S. Lumber Group (Madison Dearborn Partners)	Wholesaler and distributor of building materials
6/1/2018	R&K Building Supplies	US LBM Holdings (Kelso Private Equity)	Distributor of building products
5/24/2018	SRS Distribution (Berkshire Partners)	Leonard Green & Partners	Distributor of residential roofing materials and supplies
5/16/2018	Clarus (Bertram Capital Management)	The Riverside Company	Manufacturer of glassboards
5/3/2018	Flooring Solutions	Lynx Equity	Supplier and contractor of specialty flooring products
5/2/2018	Door Pro System	The Cook & Boardman Group (Barings BDC, Ridgemont Equity Partners)	Manufacturer and distributor of commercial doors, hardware and access control products
5/1/2018	DEL Roofing Equipment and Supply	Fonds de solidarité FTQ and Phoenix Partners	Distributor of roofing materials
5/1/2018	Myrtle Beach Building Supply	US LBM Holdings (BlackEagle Partners, Kelso Private Equity)	Supplier and distributor of building and construction materials
4/30/2018	Bri-Den Roofing	Tecta America (ONCAP)	Provider of roofing contracting services
4/30/2018	Right Pointe	CIVC Partners, GrowthPath Capital	Manufacturer of concrete and road construction products
4/27/2018	Airxcel (Babson Capital Management, Farol Asset Management, Freedom 3 Capital, One Rock Capital Partners, Yukon Partners)	Constitution Capital Partners, L Catterton	Designer and manufacturer of climate-control products
4/27/2018	Contractors Siding, Windows & Roofing Supply	SRS Distribution (Berkshire Partners)	Distributor of materials and supplies for contractors
4/25/2018	Girtman & Associates	The Cook & Boardman Group (Ridgemont Equity Partners)	Distributor of commercial doors, frames and architectural hardware
4/24/2018	TB Concept	Armaceil International (KIRKBI, The Blackstone Group)	Manufacturer of patented pipe support systems
4/23/2018	Bush Supply	Morsco (Advent International)	Distributor of HVAC products and services
4/23/2018	Cameron Ashley Building Products	Pacific Avenue Capital Partners	Distributor of building products
4/23/2018	O'Brien Concrete Pumping	Brundage-Bone Concrete Pumping (Brightwood Capital Advisors, Peninsula Pacific Strategic Partners)	Provider of concrete pumping services
4/19/2018	Busby Cabinets	Woodlawn Partners	Manufacturer of cabinets
4/16/2018	Atrium Windows and Doors (Golden Gate Capital, Kenner & Company)	Ply Gem Industries (Clayton, Dubilier & Rice)	Manufacturer of windows and doors
4/16/2018	Grand Materials & Supply	Pioneer Sand (JLL Partners)	Supplier of irrigation components, outdoor lighting, hardscape products and landscape materials
4/12/2018	Ply Gem Industries (CI Capital Partners)	Clayton, Dubilier & Rice	Manufacturer of a comprehensive product line of windows and patio doors
4/4/2018	Images Flooring	Artisan Design Group (Dunes Point Capital)	Designer and installer of flooring products and countertops
4/2/2018	Cabinets 2000	ACProducts (American Industrial Partners)	Provider of custom cabinets and other wooden products
3/30/2018	Strobic	Cincinnati Fan & Ventilator Co. (Dominus Capital)	Manufacturer of exhaust systems
3/30/2018	Polygon Company	LDI	Manufacturer of composite components
3/23/2018	Quikserv	River Associates Investments	Manufacturer and distributor of pass-through and security transaction products
3/23/2018	Top-Notch Roofing Supply	SRS Distribution (Berkshire Partners)	Distributor of residential and commercial roofing products & accessories

Recent Acquisitions of North American Building Products Companies by Private Equity Firms			
Date	Target	Acquiror	Description
3/16/2018	Thermo-Tech Windows and Doors (Bounds Equity Partners, ORIX Mezzanine and Private Equity)	Harvey Building Products (Dunes Point Capital)	Manufacturer of vinyl windows and patio doors
3/15/2018	Old Mill Brick	Bridger Capital Partners	Designer of an innovative system used for installing brick facades
3/8/2018	American Roofing Supply	SRS Distribution (Berkshire Partners)	Distributor of residential and commercial roofing products and accessories
3/8/2018	Connecticut Electric	Onward Capital	Manufacturer of specialty electrical components
3/7/2018	O'Keefe (River Falls)	USA Millwork (Ninth Street Capital Partners, Tecum Capital)	Designer, manufacturer and marketer of commercial millwork
3/7/2018	Sound Building Supply	Salt Creek Capital II	Manufacturer and distributor of metal flashing, roofing and construction products
3/6/2018	RCR International (Peak Rock Capital)	M-D Building Products (Cyprium Partners)	Manufacturer and distributor of door and window insulation products
3/5/2018	Metro Carpets	Artisan Design Group (Dunes Point Capital)	Designer and installer of flooring products
3/5/2018	Zia Concrete Supply	Construction Supply Group (The Sterling Group)	Distributor and retailer of concrete accessories
3/1/2018	FM Sylvan	Blue Point Capital Partners	Provider of industrial pipe installation and fabrication, millwright and rigging, electrical, boiler and turbine contracting services
2/28/2018	Discount Drainage Supplies	Foundation Investment Partners	Supplier and distributor of drainage and construction products
2/28/2018	Ox Engineered Products	Wind Point Partners	Manufacturer of high performance, green engineered building products intended to increase energy efficiency
2/16/2018	Haworth (TecCrete)	Global IFS (Cornerstone Capital Partners, RFE Investment Partners)	Provider of raised access flooring products and related services
2/15/2018	Janus International Group (Kingfish Group, Saw Mill Capital)	Clearlake Capital Group	Manufacturer and supplier of rolling doors and building components
2/11/2018	Fort Wayne Roofing	Tecta America (ONCAP)	Provider of roofing and sheet metal organization services
2/7/2018	Bois BSL	BDG & Partners	Manufacturer of hardwood floors, fire logs and sweeping logs
1/25/2018	Coastal Screen & Rail	Baymark Partners	Designer of outdoor space enhancing products
1/23/2018	Morse Industries	M-D Building Products (Cyprium Partners)	Wholesaler and distributor of architectural railing, shower and glass products
1/22/2018	Nubold Industries	Northern Contours (MVP Capital Partners)	Manufacturer of cabinet doors and other components
1/18/2018	Arizona Polymer Flooring	Innovative Chemical Products Construction (Audax Group)	Manufacturer of flooring products and concrete coating systems
1/16/2018	Window Nation	Cortec Group	Supplier and distributor of building products
1/1/2018	Gentry Heating	Service Logic (Barings, Warburg Pincus)	Provider home heating and air conditioning products and services
1/1/2018	Superior Wood Products	Miramar Capital Partners	Designer and manufacturer of luxury architectural custom cabinetry and furniture
12/29/2017	Kodiak Building Partners (Building Industry Partners)	Court Square Capital Partners	Distributor of building products
12/29/2017	Great Lakes Concrete	Solaia Capital Advisors	Provider of decorative concrete finishing services
12/28/2017	Maytex	ONCAP	Distributor of home fashion products
12/12/2017	American Builders Supply (Blue Wolf Capital Partners)	Kodiak Building Partners (Building Industry Partners)	Supplier of doors, windows and trusses
12/1/2017	Citation Kitchens	Skidmore Group	Manufacturer and designer of kitchen and bathroom cabinets

Recent Exits of North American Building Products Companies by Private Equity Firms			
Date	Target	Acquiror	Description
6/10/2019	DaVinci Roofscapes	TGP Investments	Manufacturer and marketer of synthetic shingles
5/29/2019	Anvil International	One Equity Partners	Manufacturer of pipe fittings and system components
5/9/2019	Signature Systems	Babson Capital Management, Linsalata Capital Partners, PNC Erievew Capital	Manufacturer and distributor of temporary flooring and fencing products
5/7/2019	NASG	Grey Mountain Partners	Fabricator of architectural glass and security glazing products
4/15/2019	Sabre Industries	Kohlberg & Company	Provider of engineered structures
3/29/2019	Trinity Steel Fabricators	The CapStreet Group	Provider of fabricated structural steel products
3/15/2019	SoundSeal	Hamilton Robinson Capital Partners	Manufacturer and designer of commercial and architectural acoustic noise control products
3/14/2019	Prepac Manufacturing	Marin Investments	Designer, manufacturer and drop shipper of ready-to-assemble furniture and storage products
3/6/2019	ProcessBarron	The Sterling Group	Manufacturer and designer of custom turn-key air and material handling equipment
2/28/2019	Jayco Manufacturing	J2 Partners	Manufacturer of customized metal-formed components
2/14/2019	Stancor	Bratenahl Capital Partners, Knox Capital, Longview Asset Management	Manufacturer of electric pump systems and related controls
2/4/2019	Kitchen Art Design Center	Aeterna Capital Partners, Ridge Road Partners	Designer, supplier and installer of home cabinetry for large scale construction projects
1/14/2019	API Heat Transfer	Wellspring Capital Management	Manufacturer of industrial heat exchangers and heat transfer systems
1/14/2019	Stride Tool	4C Capital, Capitala Group	Manufacturer of specialty hand tools
1/1/2019	Hy Lite	Hampshire Equity Partners	Manufacturer and distributor pre-framed acrylic block windows
12/14/2018	Artisan Design Group	Dunes Point Capital	Provider of residential flooring services
11/30/2018	Erickson Construction	Atlas Holdings	Provider of construction services and pre-fabricated building components in the western United States
11/14/2018	Arrow Building Center	Aiglon Capital Management, Marquette Capital Partners	Provider of residential and commercial building and construction materials
11/2/2018	Specialty Products & Insulation	Foundation Building Materials (Lone Star Funds)	Distributor of mechanical insulation and complementary products
11/1/2018	Wellborn Forest Products	Linsalata Capital Partners, PNC Erievew Capital	Designer and manufacturer of semi-custom hardwood cabinets
10/22/2018	The Cook & Boardman Group	Barings BDC, Ridgemont Equity Partners	Distributor of building specialty hardware and accessories
10/11/2018	Indiana Limestone Company	Kingfish Group, Wynnchurch Capital	Provider and distributor of dimensional limestone products
10/1/2018	Better Life Technology	Century Park Capital Partners, PNC Mezzanine Capital	Manufacturer of roll-out vinyl flooring



Recent Exits of North American Building Products Companies by Private Equity Firms			
Date	Target	Acquiror	Description
10/1/2018	Lexmark Carpet Mills	H.I.G. Capital	Manufacturer of broadloom carpet
10/1/2018	Moulure Alexandria Moulding	Industrial Opportunity Partners	Manufacturer and distributor of moldings and related millwork products
9/6/2018	Fabcon Precast	Platinum Equity	Manufacturer of precast concrete products
8/13/2018	Western Window Systems	PWP Growth Equity	Manufacturer of windows, doors and related accessories
8/13/2018	Jones Stephens Corporation	World and Main	Manufacturer and distributor of hardware, plumbing and houseware products
8/9/2018	The Shade Store	Great Hill Partners	Provider of custom window treatments
8/6/2018	Colony Hardware	Tailwind Capital	Manufacturer of tools and equipment created for construction purposes
7/26/2018	Custom Wood Products	Wafra Partners	Manufacturer of custom cabinetry
7/2/2018	Morsco	Advent International	Distributor of commercial and residential plumbing, waterworks and HVAC supplies
6/18/2018	Versatex Building Products	AEA Investors, Highlander Partners	Manufacturer and supplier of PVC building products
6/4/2018	Champion Home Builders	Bain Capital Credit, Centerbridge Partners, MAK Capital	Manufacturer of modular and factory-built homes
6/1/2018	Springs Window Fashions	Golden Gate Capital	Provider of custom window covering products
6/1/2018	WSB Titan	TorQuest Partners	Distributor of construction related materials
6/1/2018	Interior Specialists	Littlejohn & Co	Provider of interior design and installation services
5/24/2018	SRS Distribution	Berkshire Partners	Distributor of residential roofing materials and supplies
5/16/2018	Clarus	Bertram Capital Management	Manufacturer of glassboards
4/27/2018	Bluegrass Materials Company	Lindsay Goldberg	Manufacturer of aggregates and concrete blocks
4/27/2018	Airxcel	Babson Capital Management, Farol Asset Management, Freedom 3 Capital, One Rock Capital Partners, Yukon Partners	Designer and manufacturer of climate-control products
4/23/2018	Demilec	Sun Capital Partners	Manufacturer and distributor of spray foam insulation material
4/16/2018	Atrium Windows and Doors	Golden Gate Capital, Kenner & Company	Manufacturer of windows and doors
4/13/2018	Cedar Creek	Charlesbank Capital Partners	Operator of a building materials distribution company
4/12/2018	Ply Gem Industries	CI Capital Partners	Manufacturer of a comprehensive product line of windows and patio doors
3/16/2018	Thermo-Tech Windows and Doors	Bounds Equity Partners, ORIX Mezzanine & Private Equity	Manufacturer of vinyl windows and patio doors
3/15/2018	Ashland Hardware Systems	Nova Capital Management	Designer and manufacturer of hardware systems
3/8/2018	Connecticut Electric	Thompson Street Capital Partners	Manufacturer of specialty electrical components for the residential, HVAC, commercial and retail markets
3/6/2018	RCR International	Peak Rock Capital	Manufacturer and distributor of door and window insulation products
3/5/2018	A.H. Harris & Sons	Frontenac Company	Supplier of high-quality construction products and equipment
2/15/2018	Janus International Group	Kingfish Group, Saw Mill Capital	Manufacturer and supplier of rolling doors and building components
1/29/2018	Touchstone Fine Cabinetry	Building Industry Partners	Provider of custom built kitchen cabinets and doors
1/24/2018	Harden Furniture	Miramar Capital Partners	Designer and manufacturer of furniture
1/23/2018	Carls Patio	Weinberg Capital Group	Operator of furniture stores chain
12/29/2017	Kodiak Building Partners	Building Industry Partners	Distributor of building products
12/29/2017	Thibaut	Champlain Capital	Provider of wallpaper and fabrics
12/20/2017	Emseal Joint Systems	Castle Crow & Company, Fulham & Co.	Designer and manufacturer of a branded line of architectural expansion joints, specialty gaskets and joint sealants
12/19/2017	Thomas Pipe & Supply	Gen Cap America, Tenth Street Capital	Distributor of industrial pipes and fittings designed for industrial machinery
12/12/2017	American Builders Supply	Blue Wolf Capital Partners	Supplier of doors, windows and trusses
12/7/2017	Residential Design Services	Trive Capital	Provider of interior designing products and installation services
12/5/2017	Southwest Building Materials	Foundation Building Materials	Distributor of drywall and related building products
12/1/2017	Potter Electric Signal Company	Parkway Capital Investors	Designer and manufacturer of specialty electronic and electromechanical products

# TM CAPITAL'S INDUSTRIALS TEAM

*We continue to broaden our building products reach with several key transactions this year. Reach out to our industrials team to see how we can orchestrate an extraordinary outcome for you.*



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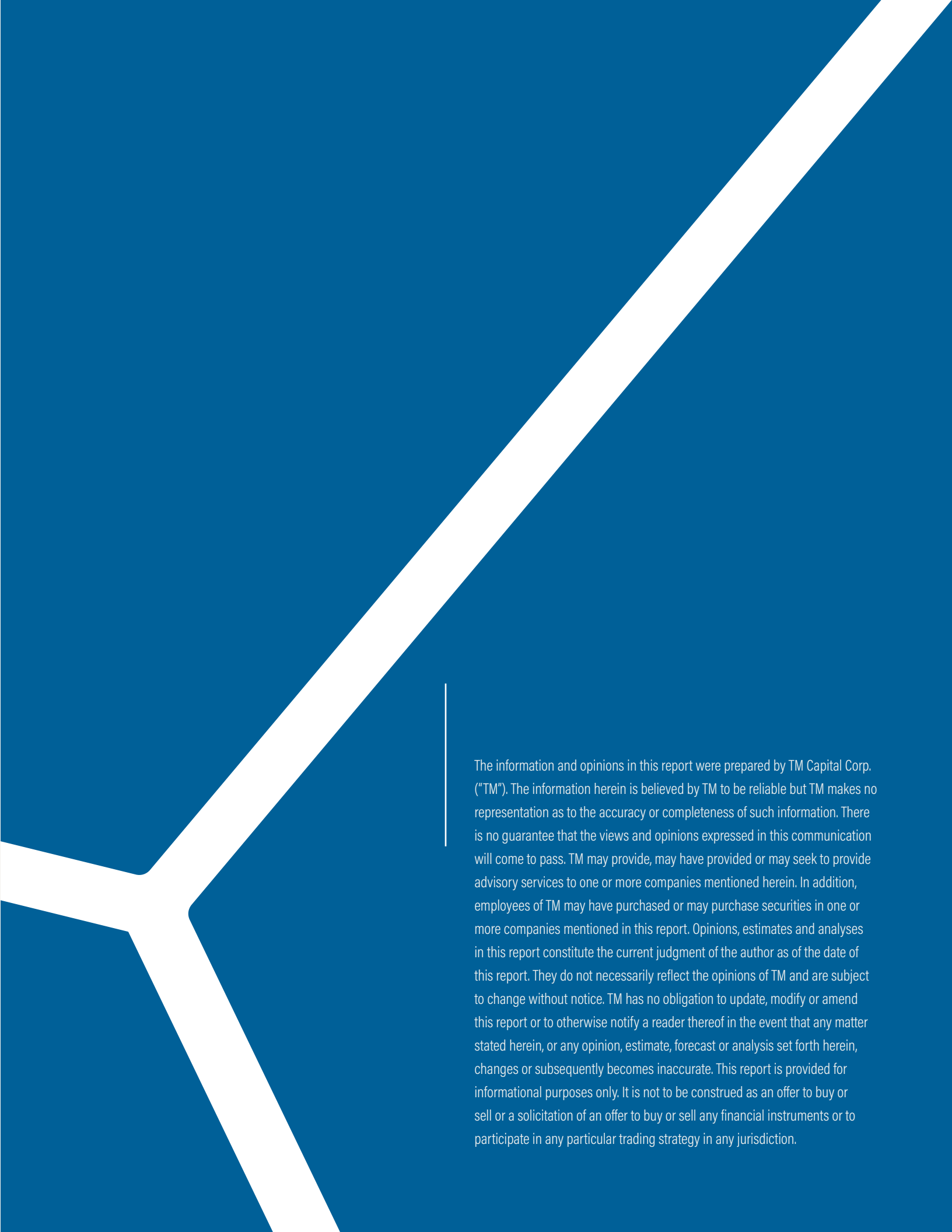
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