



# EDGEPOINT

## INDUSTRIALS: BUILDING PRODUCTS

- The United States Building Products sector continues to thrive in the post-pandemic environment despite being impacted by a tight labor market, significant supply shortages, and material price volatility, especially in the lumber market.
- Lumber price volatility created a slight slowdown in new home construction in the second quarter, however prices are expected to normalize and activity is expected to continue at elevated levels for the foreseeable future.
- EdgePoint's Building Products Index indicates that the industry is continuing to outperform the S&P 500 due to

positive macroeconomic tailwinds. The index experienced only a slight pullback in relation to supply shortages and other headwinds during the second quarter.

- Building Products remains a highly active M&A sector with deal volume being driven by both strategic and financial buyers. EdgePoint anticipates continued robust activity within Building Products throughout the remainder of 2021 and into 2022 as new home construction and existing home renovations further propel industry revenues and deal activity.

## RECENT TRANSACTIONS (SELECTED)

Target	Date	Buyers / Investors	Region	Strategic / Financial
The Wolf Organization, LLC	Jun 29	PrimeSource Building Products, Inc.	US	Financial Backed Strategic
North American building products businesses of Boral Industries	Jun 20	Westlake Chemical Corporation	US	Strategic
Metro Building Products, Inc.	Jun 18	Spahn & Rose Lumber Co.	US	Strategic
General Ceiling and Partitions, Inc.	Jun 7	Installed Building Products, Inc.	US	Strategic
Reliable Glass & Mirror, LLC	Jun 7	Installed Building Products, Inc.	US	Strategic
J.P. Hart Lumber Company, LLC	Jun 3	US LBM Holdings, Inc.	US	Financial Backed Strategic
Interior Products/Insulation Business of Beacon Sales	May 25	US LBM Holdings, Inc.	US	Financial Backed Strategic
Westside Building Material	May 11	GMS Inc.	US	Strategic
John's Lumber & Hardware Company	May 3	Builders FirstSource, Inc.	US	Strategic
Foley Lumber, Inc./Milaca Building Center, Inc.	Mar 18	American Construction Source LLC	US	Financial Backed Strategic
Assets of Starr's Building Supply, Inc.	Mar 29	L&W Supply Corporation	US	Financial Backed Strategic
American Building Systems	Apr 5	TopBuild Corp.	US	Strategic
I.W. International Insulation Incorporated	Mar 1	Installed Building Products, Inc.	US	Strategic
Industrial business of Gibraltar Industries, Inc.	Feb 23	Pacific Avenue Capital Partners, LLC	US	Financial
JB Wholesale Roofing and Building Supply, Inc.	Feb 5	SRS Distribution Inc.	US	Financial Backed Strategic
Folkestone Fixings Limited	Jan 27	H2 Equity Partners Limited	EMEA	Financial
Wolseley UK Limited	Jan 29	Clayton, Dubilier & Rice, LLC	EMEA	Financial
Business of Merrimack Building Supply, Inc.	Jan 4	L&W Supply Corporation	US	Financial Backed Strategic

For more information and insight please contact the EdgePoint Industrials team:

**Matt Keefe**  
Managing Director  
Industrials

**Contact:**  
216-342-5863  
mkeefe@edgepoint.com

**M&A**  
Advisory

RESULTS *with*  
INTEGRITY™

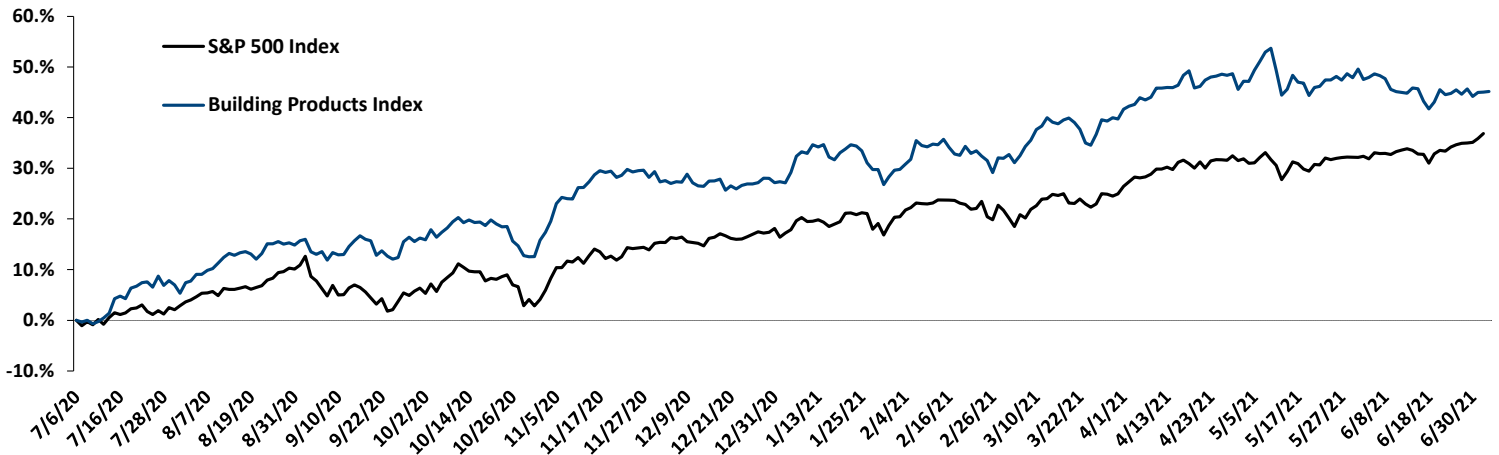
EdgePoint Public Comparable Index Constituents

Building Products

Company Name	Enterprise Value (EV)	LTM Margins		EBITDA		EV/EBITDA		Revenue	Revenue Growth		Stock Price	% of 52 Wk High
		Gross	EBITDA	LTM	2020E	LTM	2020E	LTM	LTM	3-Yr. CAGR		
Advanced Drainage Systems, Inc.	\$9,340	34.8%	23.9%	\$474	\$639	19.1x	14.6x	\$1,983	18.5%	14.2%	\$116.57	98.9%
American Woodmark Corporation	1,917	18.3%	11.8%	207	224	8.2x	8.6x	1,744	5.7%	11.7%	81.69	75.1%
Apogee Enterprises, Inc.	1,174	22.7%	10.7%	136	135	8.6x	8.7x	1,268	-4.0%	-3.0%	40.73	93.1%
Armstrong Flooring, Inc.	180	14.4%	-2.7%	(16)	0	NM	0.0x	595	-4.5%	-0.5%	6.19	88.9%
Armstrong World Industries, Inc.	5,789	35.1%	26.1%	246	367	18.3x	15.8x	940	-10.0%	1.4%	107.26	97.0%
ASSA ABLOY AB (publ)	36,488	39.0%	15.4%	1,544	2,102	20.9x	17.4x	10,007	-7.8%	4.5%	30.14	95.6%
Caesarstone Ltd.	537	27.8%	13.2%	67	66	6.1x	8.0x	506	-7.1%	-4.9%	14.76	74.5%
Comfort Systems USA, Inc.	3,068	19.6%	9.3%	264	259	10.5x	11.8x	2,826	1.8%	14.7%	78.79	89.0%
Compagnie de Saint-Gobain S.A.	44,436	24.9%	10.7%	4,997	6,648	7.8x	6.6x	46,640	-10.4%	-2.2%	65.85	94.8%
Daikin Industries,Ltd.	54,975	34.7%	14.9%	3,365	3,582	16.4x	15.3x	22,544	-2.2%	2.9%	186	84.7%
Fortune Brands Home & Security, Inc	16,282	36.1%	17.3%	1,118	1,302	14.0x	12.5x	6,459	10.6%	6.5%	99.61	87.4%
Georg Fischer AG	6,252	38.0%	9.0%	324	431	20.6x	14.5x	3,618	-14.5%	-8.4%	1,485.06	98.8%
Hubbell Incorporated	11,617	28.8%	16.7%	698	764	15.8x	15.2x	4,174	-9.1%	3.1%	186.84	92.9%
Installed Building Products, Inc.	4,025	30.7%	14.2%	240	304	15.2x	13.2x	1,693	8.1%	12.8%	122.36	87.0%
Interface, Inc.	1,460	36.6%	12.5%	134	144	8.9x	10.1x	1,068	-19.9%	1.7%	15.30	89.4%
James Hardie Industries plc	15,796	36.2%	26.3%	765	913	20.4x	17.3x	2,909	11.6%	12.3%	33.94	96.5%
JELD-WEN Holding, Inc.	3,973	21.7%	9.6%	419	528	8.0x	7.5x	4,349	2.1%	4.0%	26.26	83.4%
Kingspan Group plc	17,622	30.3%	13.2%	738	891	23.4x	19.8x	5,598	-1.8%	7.7%	94.43	94.2%
Lennox International Inc.	14,578	29.4%	16.6%	638	697	19.7x	20.9x	3,841	2.7%	-0.3%	350.80	98.4%
LIXIL Corporation	11,791	34.0%	9.9%	1,236	1,337	9.5x	8.8x	12,462	-18.7%	-6.1%	25.89	87.6%
Masco Corporation	17,189	36.2%	20.3%	1,540	1,577	10.7x	10.9x	7,577	11.8%	-0.9%	58.91	85.9%
Masonite International Corporation	3,384	25.4%	15.4%	363	445	8.4x	7.6x	2,352	7.0%	4.5%	111.79	84.5%
Mueller Industries, Inc.	2,791	18.7%	12.6%	328	0	8.4x	0.0x	2,613	7.9%	3.9%	43.31	90.1%
NORMA Group SE	2,041	55.8%	9.7%	112	223	16.3x	9.2x	1,161	-8.7%	-1.6%	51.20	87.5%
Owens Corning	12,974	24.0%	20.6%	1,517	1,744	8.1x	7.4x	7,369	3.9%	3.8%	97.90	89.1%
PGT Innovations, Inc.	1,902	35.8%	15.2%	142	194	12.1x	9.8x	934	18.0%	20.1%	23.23	82.6%
Quanex Building Products Corporatio	925	23.9%	12.7%	123	130	7.0x	7.1x	968	12.2%	3.7%	24.84	85.6%
Tarkett S.A.	2,125	22.1%	7.5%	243	328	7.7x	6.4x	3,221	-12.0%	-2.5%	23.71	97.6%
TopBuild Corp.	6,978	27.5%	15.9%	446	556	13.8x	12.5x	2,808	5.6%	12.8%	197.78	84.0%
Tyman plc	1,422	33.5%	16.2%	127	149	10.3x	9.6x	782	-6.7%	3.1%	6.22	88.3%
<b>Median</b>		<b>29.9%</b>	<b>13.7%</b>	346	438	<b>10.7x</b>	<b>10.0x</b>	2,817	<b>0.0%</b>	<b>3.4%</b>	62.4	89.0%
<b>Mean</b>		<b>29.9%</b>	<b>14.2%</b>	751	889	<b>12.9x</b>	<b>11.7x</b>	5,500	<b>-0.3%</b>	<b>4.0%</b>	126.9	89.4%

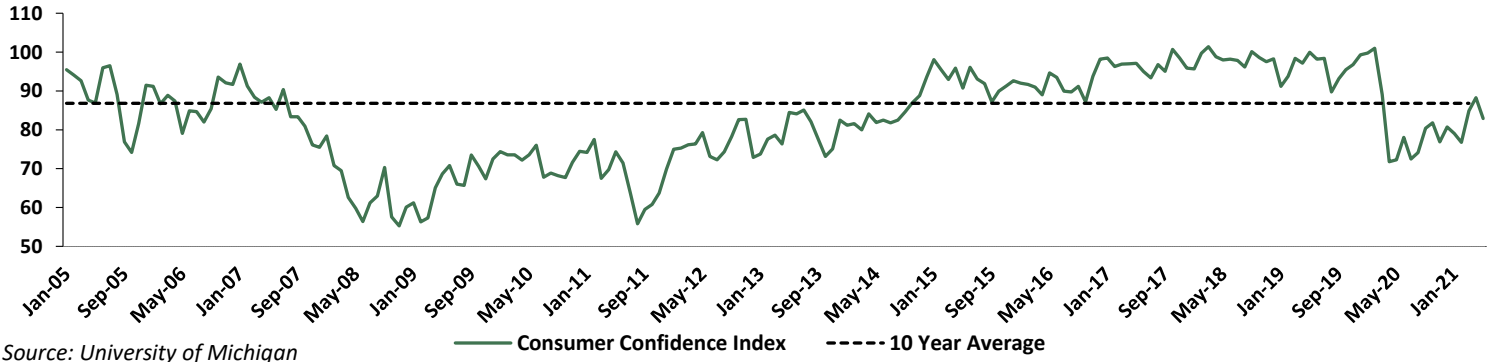
Source: S&P CapIQ (As of June 30, 2021)

Trailing Twelve Months Stock Performance

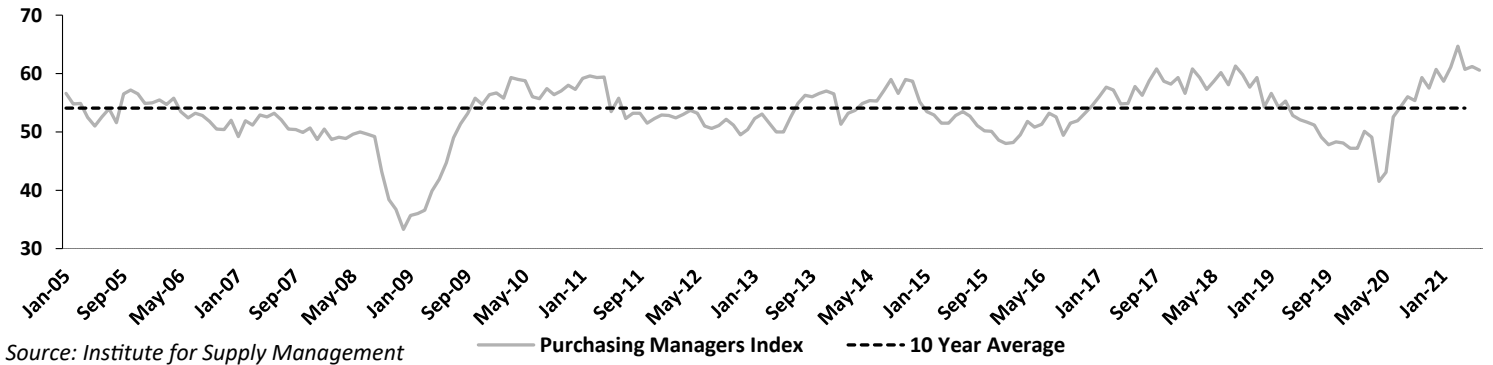


Source: S&P CapIQ (As of June 30, 2021)

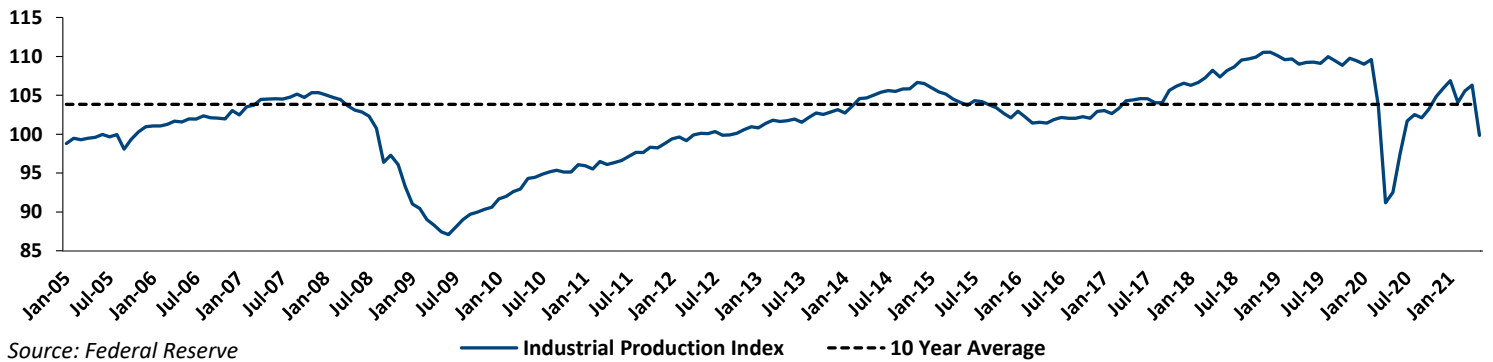
## Consumer Confidence Index (2005 - YTD 2021)



## Purchasing Managers Index (2005 - YTD 2021)



## Industrial Production Index (2005 - YTD 2021)



## U.S. Real GDP Growth (2004 - YTD 2021)

