



Building Products & Materials

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D.A. Davidson Diversified Industrials

Building Products & Construction Materials

Focused Sector Coverage

D.A. Davidson's Diversified Industrials Group has extensive experience serving middle-market companies across a broad spectrum of Building Products & Construction Materials market segments. Davidson's expertise spans residential, commercial, and industrial end markets, with proven success delivering successful transaction outcomes for clients and their building products and construction materials companies.

Davidson's focus in the sector includes coverage of the following market segments:

- Aggregates, Sand, & Gravel**
- Lighting & Electrical**
- Concrete, Gypsum, & Related Materials**
- Plumbing**
- Flooring & Cabinets**
- Precast Concrete Products**
- HVAC**
- Siding & Roofing**
- Infrastructure & Safety**
- Metal Products**
- Lumber & Engineered Wood Products**
- Windows & Doors**

Connect with Leadership

For information about our most recent transaction experience or for a confidential conversation regarding plans for capital, acquisitions, or succession, please contact:



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Selected Transaction Experience

 a portfolio company of Salt Creek Capital HURON has been acquired by PALM PEAK CAPITAL SELL-SIDE ADVISOR	 a portfolio company of Argonaut Private Equity has been acquired by WHITE GAP a portfolio company of	 accelerated construction has partnered with CMC	 has acquired MOMENTUM GLASS a portfolio company of TULCAN	 Expanding Your Solutions has been acquired by JFE Shoji America, LLC	FORDYCE SAND & GRAVEL has been acquired by Vulcan Materials Company	 has been acquired by KODIAK a portfolio company of
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Equity Research on Building Products & Construction Materials Companies



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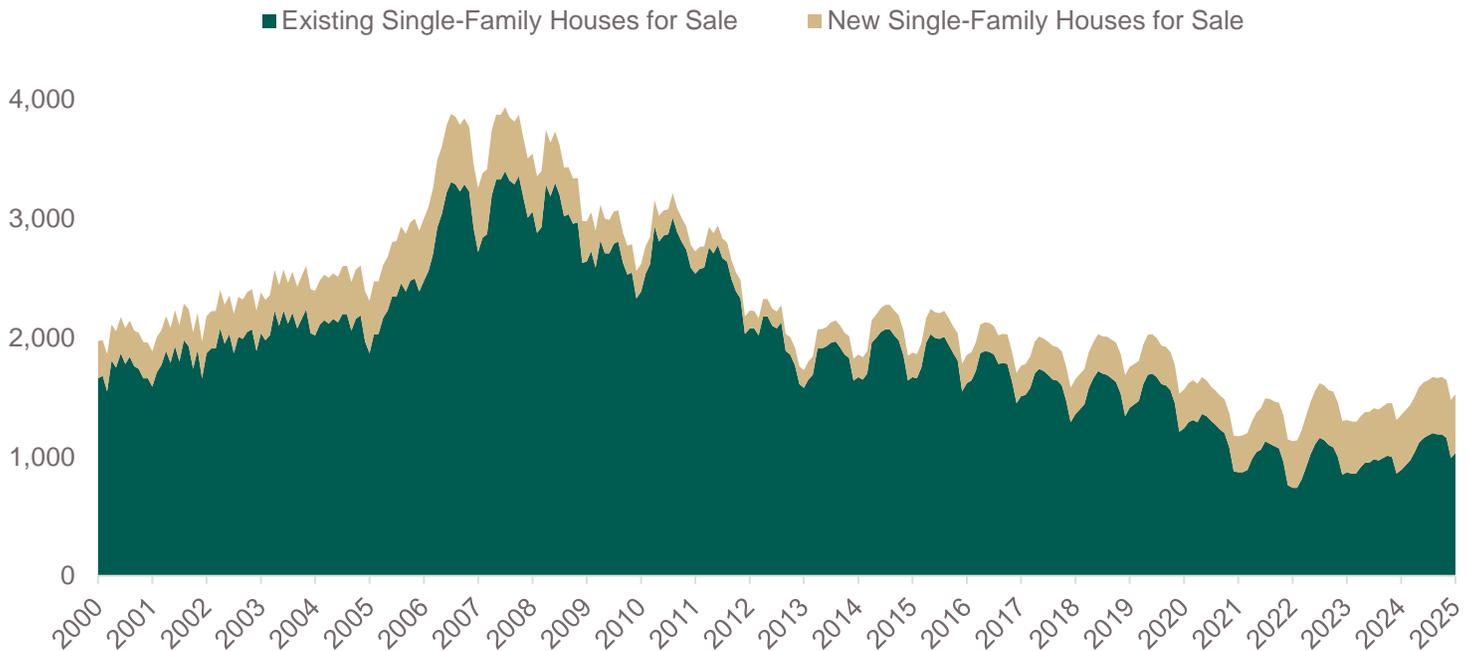
MATT SUMMERVILLE
MANAGING DIRECTOR,
SENIOR RESEARCH ANALYST



2025 International Builders' Show Takeaways

This past week was the annual International Home Builders Show hit record attendance with more than 81,000 in attendance and 1,800+ exhibitors. While the record level attendance necessitated some elbow jousting for meeting space, it was an incredibly productive few days to hear a variety of views on the Building Products market and see emerging product trends up close. While last year was centered around optimism for new residential construction in the back half of the year, this year the tone was focused on navigating uncertainty around policy, acceptance of mortgage rates not returning to <4% levels, and recognition that ~1M annual single-family home starts is the base level the industry is working with.

Total Housing Inventory in the U.S.



Macroeconomic Trends Impacting the Single-Family Space

Overall, the National Association of Home Builders (NAHB) expects single family starts to be relatively flat from 2024 to 2025 at just over 1 million units. While a pro-growth administration was initially expected to lead to greater growth in 2025, policy discussion around tariffs, immigration, and interest rates has disproportionately impacted the single-family market sector and created unanticipated challenges for the building products and materials sectors.

The medium-term outlook on the sector remains bullish. The chronic undersupply of housing by anywhere from 1.5M to 7.2M units, depending on the data you look at, continues to need to be addressed and supports a much higher starts rate than what is expected in 2025. Although improving, insufficient resale inventory further supports demand for new builds. For this reason, new homes are expected to continue outperform – historically new home sales have represented 15% of home sales but currently represent ~30% of sales.

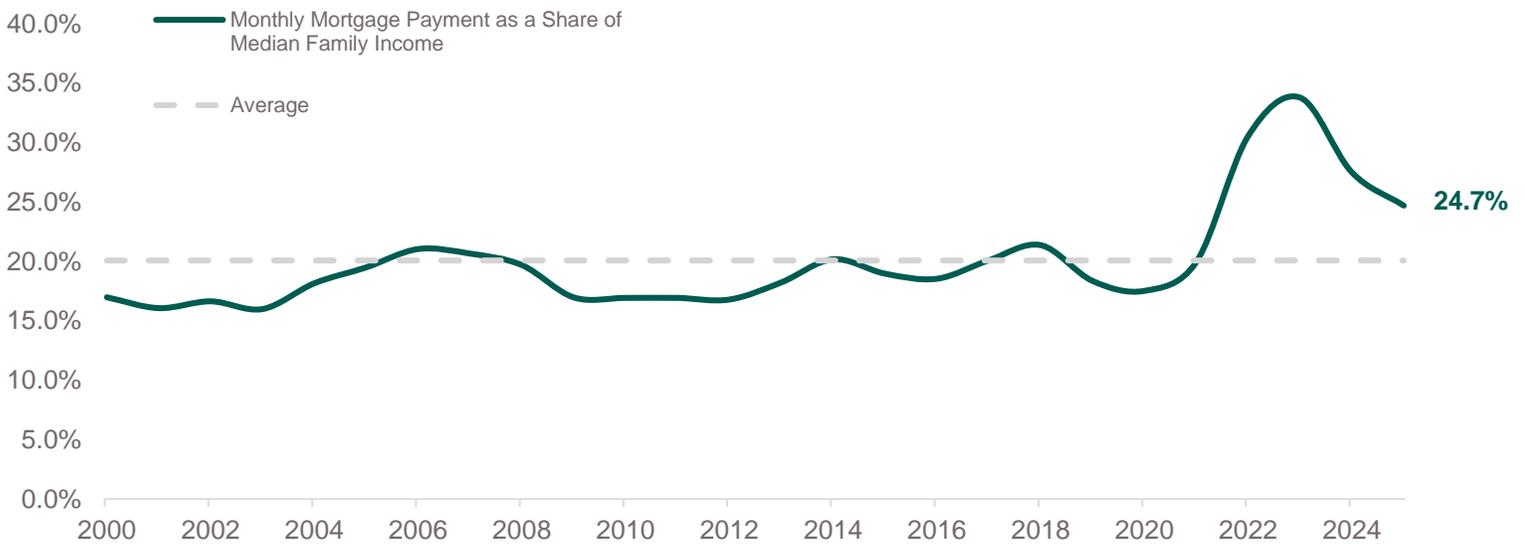
Sources: U.S. Census Bureau, National Association of Realtors, Realtor.com, Bankrate, and Freddie Mac.



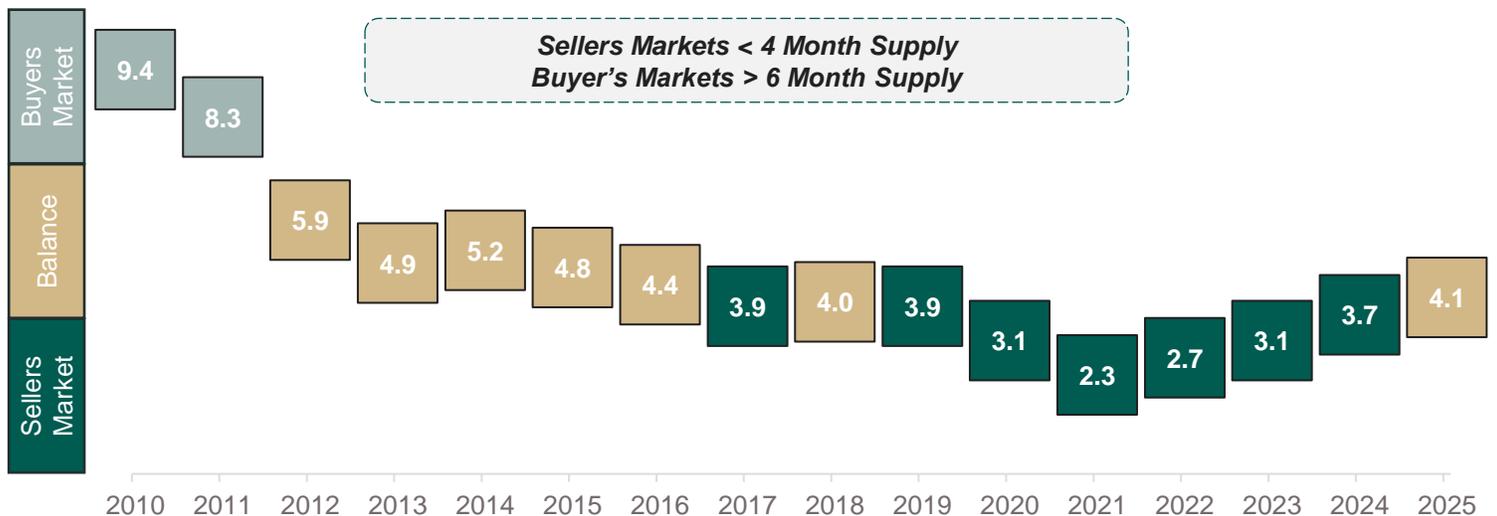
2025 International Builders' Show Takeaways (Cont'd)

The ultra-low inventory period in recent years has both created meaningful appreciation in home value and contributed to housing affordability challenges, but we have begun to move into a more balanced market. Median home prices are softening, down 2.2% y/y in Jan '25, although average home price continues to climb gently due to high-end home sales outperformance. Entry-level homes are becoming more affordable, but geography continues to be a meaningful factor.

Mortgage Payment Share of Family Income



Balanced Market Shifts



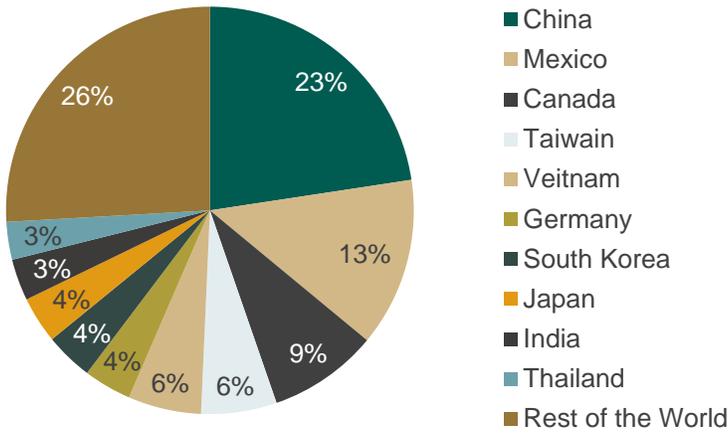
Sources: U.S. Census Bureau, National Association of Realtors, Realtor.com, Bankrate, and Freddie Mac.



2025 International Builders' Show Takeaways (Cont'd)

Proposed tariffs represent a significant unknown within the industry. 7.3% of building materials are imported, with China, Mexico and Canada representing the three largest supply partners. Product categories that stand to be the most heavily impacted by the tariffs are the construction machinery, semiconductors and electronic components, and appliances. Depending on policy with Canada, softwood lumber is the building material that NAHB highlighted as having the most potential to be heavily impacted; since the pandemic softwood lumber has decreased in price by 29% but that trend would likely reverse trend driving up single-home framing, decking, and siding costs.

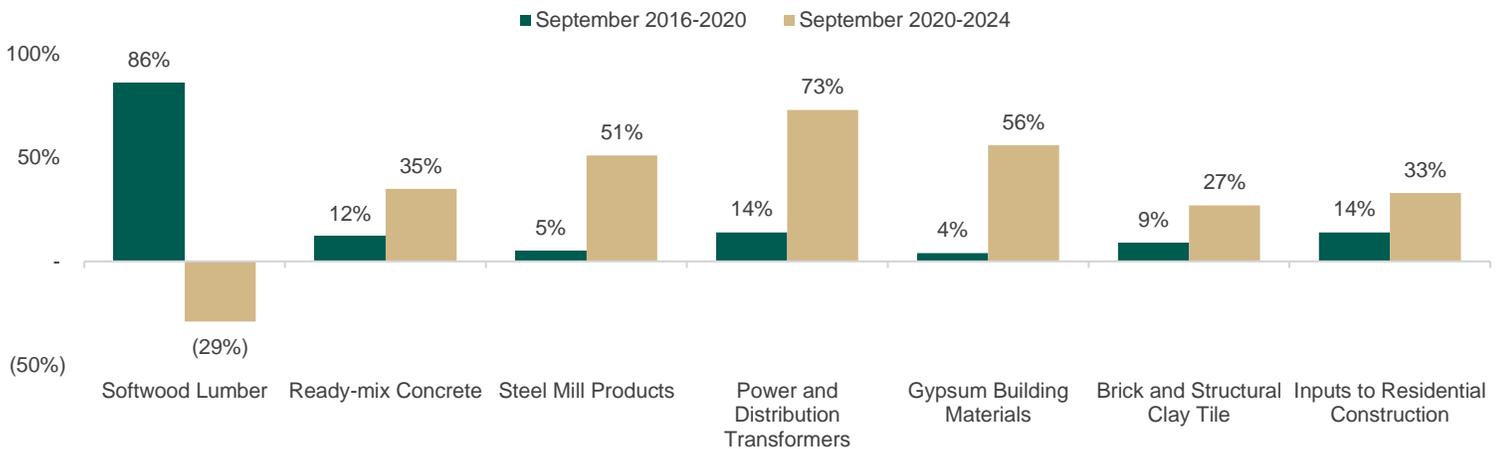
Share of Residential Building Material Imports



Impacts of Immigration Policy Changes

Similarly, immigration policy has the potential to impact sector activity. It is estimated that 1/3 of the current labor force was born outside of the U.S. If those numbers dwindle, completion timing and costs will be adversely impacted. Additionally, job cuts within the federal government should lead to some tough upcoming labor reports (i.e., DMV market is going to be rough).

Four-Year Building Material Price Percentage Change



Sources: U.S. Census Bureau, U.S. Bureau of Labor Statistics, and the National Association of Home Builders.



2025 International Builders' Show Takeaways (Cont'd)

Impact to M&A

Largely, the same trends in 2024 appear to hold true in the first half of 2025. Strategics' balance sheets remain flush with cash enabling them to aggressively pursue targets that align with their strategic initiatives. Strategics' scale and existing position in the supply chain helps reduce the magnitude of inherent risks in the market (i.e., tariffs, interest rate volatility) that private equity firms have to underwrite, allowing strategics to put forth differentiated valuation for targets that align with their strategic growth initiatives. That said, the guiding north star is that there is an imbalance between supply and demand for housing necessitating the need for increased starts and spend and positioning the sector for a prolonged cycle – all of which should support an active M&A market across both strategics and investment firms.

Especially in today's market, companies that demonstrate secular growth are best positioned to generate premium valuations. Product categories that frequently exhibit this growth characteristic are those that offer alternatives to traditional product (i.e., resilient flooring, composite decking/siding, etc.) and growing by winning market share. Additionally, Building Products distribution continues to generate meaningful interest across the strategic and investor community alike with increased focus and competition created by QXO's well-publicized investment thesis and activity in the space.

Additional Takeaways from IBS

Modular construction continues to be a hot topic but it is hard to see true single-family modular home builder emerging in the near term. We do expect to see continued investment in the space to simplify the construction process and decrease skilled labor need in the form of modular rooms/functionality including bathrooms, kitchens, and separate supplemental rooms to primary dwelling space (e.g., pool house, in-law suite, etc.).

Companies will be able to pass along increased costs created by tariffs to customers but will not be able to capture margin like the period around the COVID pandemic. Given the surge in building material costs since the pandemic, there will be much more price hike sensitivity in 2025 vs. the past several years. This may create scenarios where a company's performance sees increased sales and flat profits creating a misleading picture of margin compression.

The locked-in effect limiting existing home sales and, consequently, R&R spend will lessen as we continue to move away from the pandemic days of sub-4% mortgage rates. Currently 83% of mortgages are sub-6% but, by end of 2025, that number is expected to drop to 75%. As we move further and further away from that period of historically low mortgage rates, buyer reservations around 6%+ mortgage rates, below the 7.7% historical average since records began to be kept in 1971, should abate leading to more sector activity.

The diminishing headwinds from the locked in effect, \$30+ trillion of home equity value, and age of the majority of homes (40+ years) are setting up R&R for a super cycle.



Building Products M&A Outlook

Review of M&A Activity

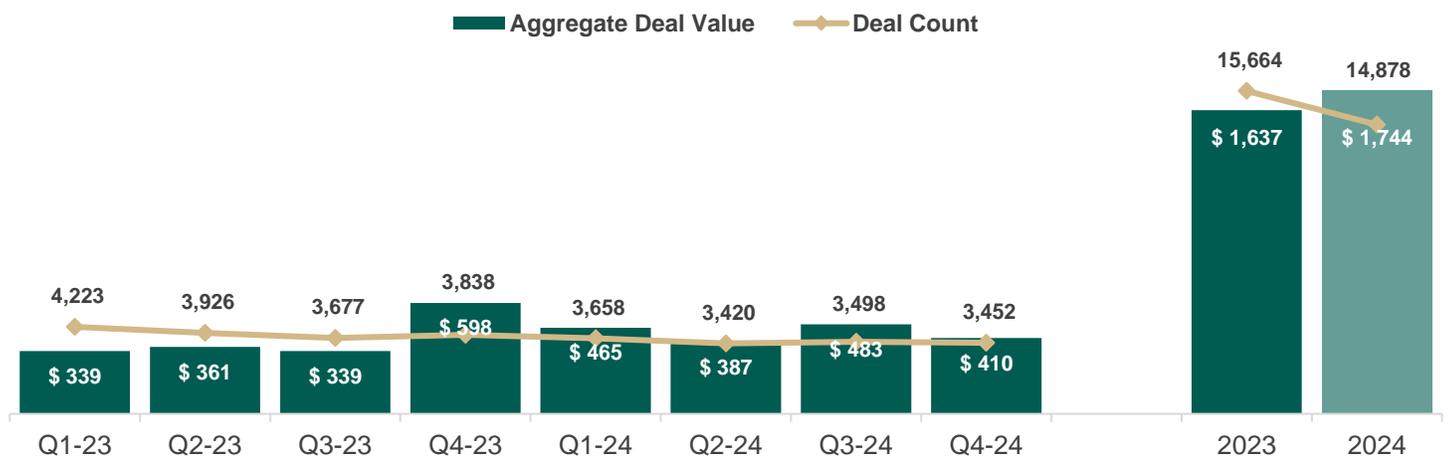
The 2023/24 M&A environment faced headwinds including high interest rates resulting in higher cost of capital, disparities between sellers' and buyers' valuation expectations, and political uncertainty. There is significant optimism that 2025 will be a much more robust year for deal activity given the entry of a pro-growth administration, Fed rate cuts aggregating 1.0% across three cuts in September, November, and December, and a number of other contributing factors, but deal activity ramp has been slower than expected in 2025. In the past few weeks, deal activity has increased slightly, but expectations for meaningful increases to deal volume has shifted to the back half of 2025.

U.S. Middle Market M&A Deal Count

While January 2025 LTM middle market total deal volume is down 6% from the prior year, there has been a 3% increase in the number of \$50M - \$500M transactions



U.S. M&A Activity



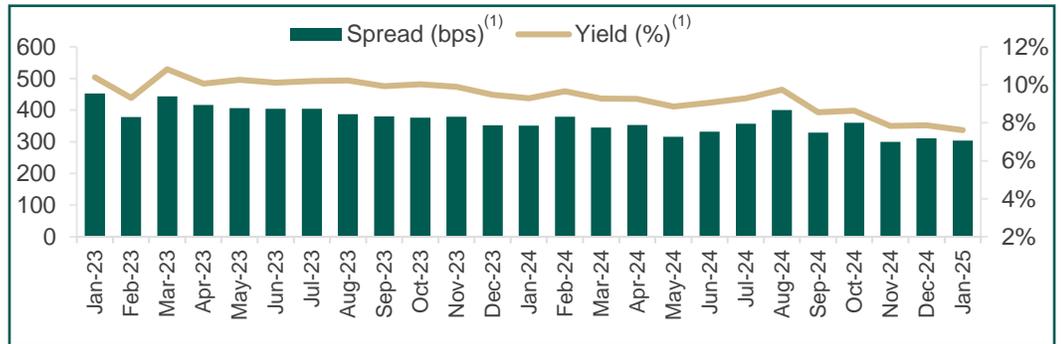
Sources: FactSet and D.A. Davidson Investment Banking estimates.



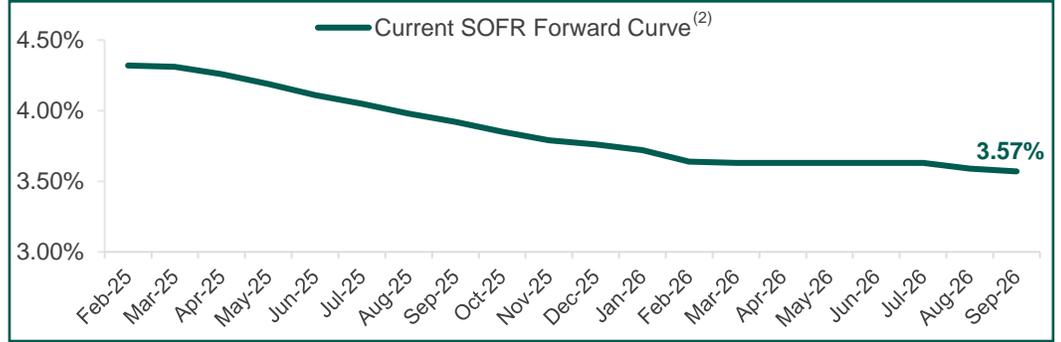
Building Products M&A Outlook (Cont'd)

There are a few factors driving optimism: (i) Corporates activity to transform operating and business models by accelerating strategic growth avenues and divesting non-core assets, (ii) increasingly attractive debt markets tightening credit spreads and declining SOFR rates relieving pressure on both strategics and private equity, (iii) PE-backed companies getting long in the tooth resulting in growing exit pressure on PE funds to return capital to investors, and (iv) record amounts of committed capital needing to be deployed

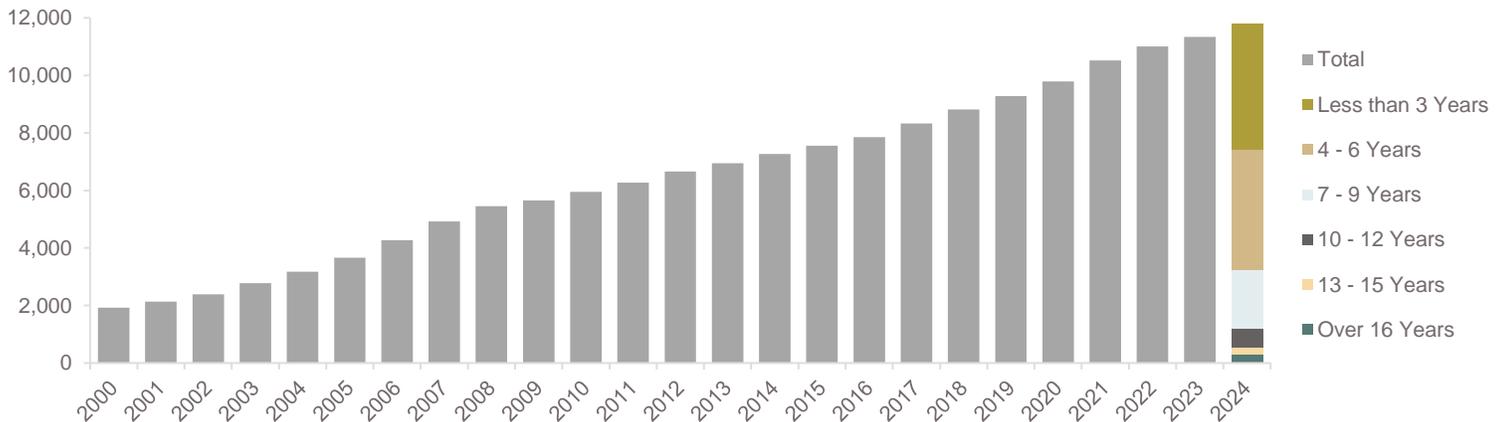
Credit spreads have continued to trend tighter with the average yields of new issue leveraged loans remaining sub-8% for the last three consecutive months



Current SOFR forward curve suggests rates will decline relieving pressure on sponsors and strategics



PE-Backed Company Count by Investment Year and Investment Age



Sources: PitchBook Leveraged Commentary & Data.

(1) Spreads represent Institutional loan spreads and yields represent all loans.

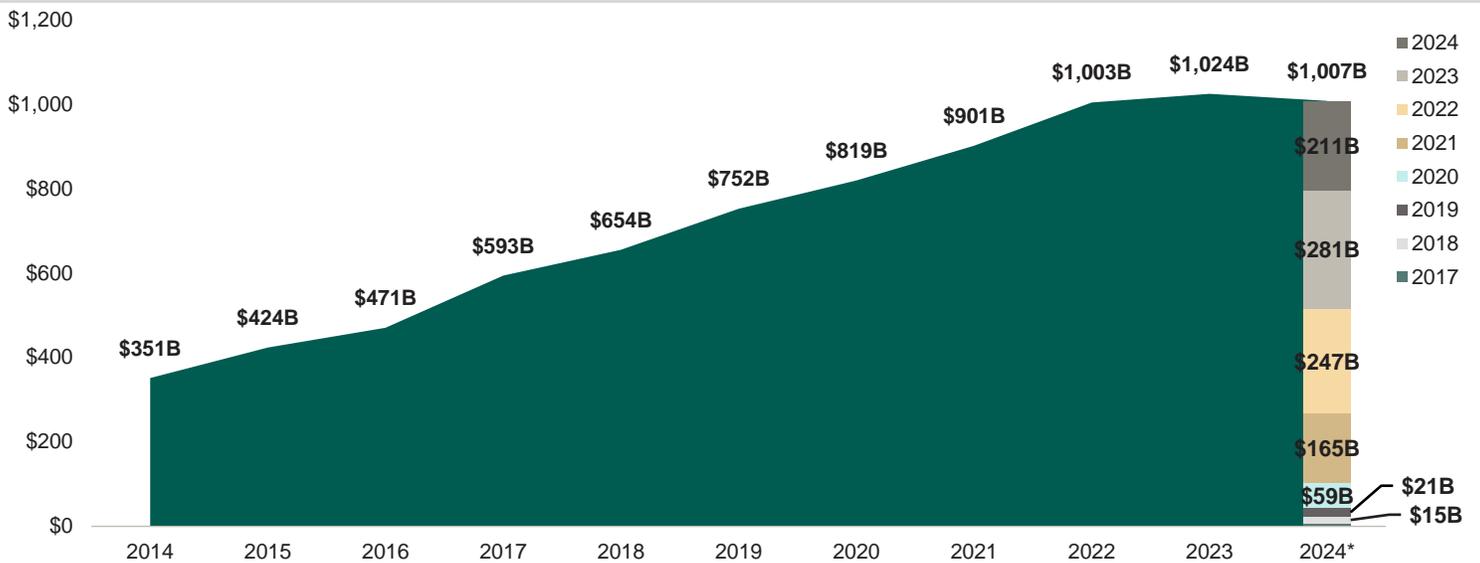
(2) 1 Month SOFR forward curve as of 02/2025



Building Products M&A Outlook (Cont'd)

- After pushing through the \$1 trillion mark in 2022 and peaking in 2023, dry powder remains above the \$1 trillion mark but has since started to decline. Capital raised by middle-market managers represents 55.5% of all capital raised in 2024
- Private equity fundraising is coming off its three best years ever recorded and remained resilient through the first three quarters of 2024; Q4 represented the year's weakest quarter driven by elongated fundraising timelines, declines in dry powder, and a rise in private equity deal activity

U.S. Private Equity Committed Capital by Vintage⁽¹⁾



Consistent with broader market trends, Building Products transactions in Q4 2024 declined slightly YoY; however, we are seeing increased activity and dealmaking for both private equity and strategics across sectors.

Within Building Products, strategics continue to have flush balance sheets with cash to fuel transformative acquisitions and a willingness to divest noncore operations. From 2021 through 2023, Building Products manufacturers' cash balance increased, on average, by ~40%. Building Products distributors' average cash balance increased by ~10% in that same period⁽²⁾. In 2024, there were several billion dollar-plus transactions headlined by Home Depot's acquisition of SRS Distribution, Quikrete's acquisition of Summit Materials, and the evolving landscape in Doors & Windows (i.e., MITER Brands' acquisition of PGT Innovations and Owens Corning's acquisition of Masonite), and, to start 2025, QXO offered a bid for Beacon Roofing Supply (Nasdaq: BECN) that represents a 37% premium over BECN's 90-day weighted average share price.

Ultimately, Building Products businesses that are differentiated in some form or another, whether it be scale, product innovation, sales channel access, etc., are commanding aggressive multiples and sellers of similar businesses that are angling towards a transaction process launch in the near- and medium-term should see improved competitive dynamics driving increasingly attractive economic and non-economic terms.

Source: Pitchbook.

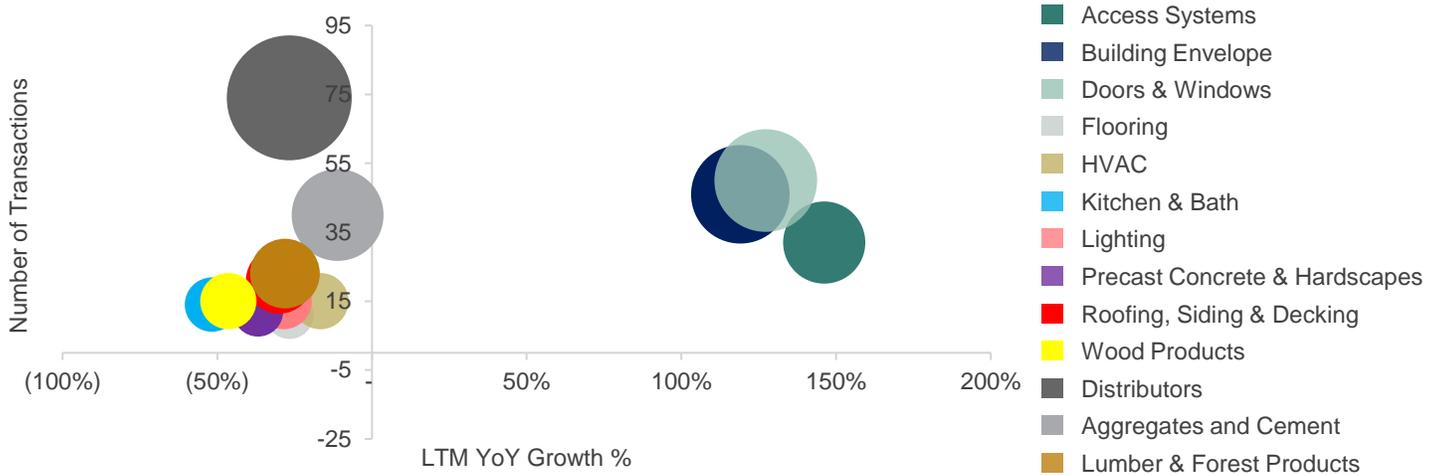
(1) Data as of 06/30/2024.

(2) Manufacturers' and Distributors' cash balance reflects public companies listed on pages 12 – 14 of this report.



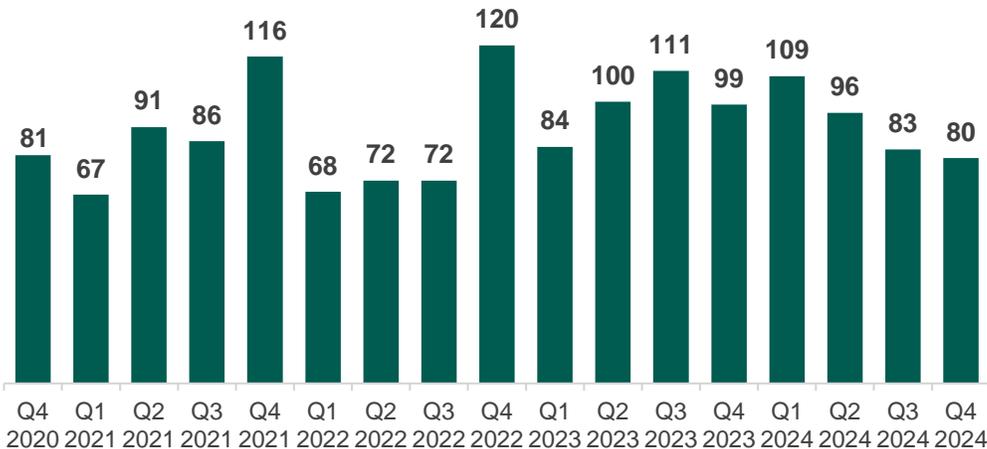
M&A Activity Summary

Q2 2024 Transaction Activity



- Building Products M&A was notable market segment in 2024 given several marquee transactions. Overall, Building Products M&A was down by ~6% in 2024 while the total volume of M&A transactions across all market sectors was up in the same interest
- Transaction volume in 2024 increased substantially in access systems, building envelope, and doors & windows

Building Products Deal Volume by Quarter



- The Building Products sector continues to see high levels of activity with 80+ deals per quarter since Q4 '22 and ~380 deals per year since 2023, illustrating a resilient M&A market for North American building products companies
- Although total deal count fell in 2024 versus the prior year, total transaction values skyrocketed from ~\$17B in 2023 to over \$50B in 2024, as several billion-dollar plus transactions announced in Q1 and Q4 lead the growth

Source: CapitalIQ as of February 2025.

Recent Notable Transactions

Target	Acquirer	Target Description	Deal Notes
		<ul style="list-style-type: none"> Alpine Lumber (“Alpine”) is the largest independently-operated supplier of building materials in Colorado and Northern New Mexico with 21 locations The company is headquartered in Westminster, CO 	<ul style="list-style-type: none"> Announced Date: 12/23/2024 Implied Enterprise Value: Undisclosed EV / LTM EBITDA: Undisclosed Alpine reported LTM-November 2024 sales of ~\$500M. The acquisition is expected to be accretive to the Company’s adjusted EPS in 2025 and will be funded through a combination of existing cash and credit facilities
		<ul style="list-style-type: none"> Site Supply is a distributor of construction and industrial materials, specializing in stabilization, stormwater and erosion control The company is headquartered in Batavia, Ohio 	<ul style="list-style-type: none"> Announced Date: 12/18/2024 Implied Enterprise Value: Undisclosed EV / LTM EBITDA: Undisclosed The transaction represents White Cap’s 14th acquisition of 2024 and further bolsters the Company’s expertise in stabilization, stormwater, and erosion control materials
		<ul style="list-style-type: none"> Giant Cement Holding, Inc. (“Giant Cement”) is a manufacturer of Portland and masonry cement for residential, commercial, and infrastructure construction projects The company is headquartered in McKinney, Texas 	<ul style="list-style-type: none"> Announced Date: 11/28/2024 Implied Enterprise Value: \$600M EV / LTM EBITDA: Undisclosed The transaction further strengthens Heidelberg’s cementitious footprint in the Southeastern US and New England markets and is expected to contribute ~\$60M in EBITDA in the first year of operation
		<ul style="list-style-type: none"> Summit Materials (“Summit”) is a leading producer of aggregates and cement with vertically integrated operating that supply ready-mix concrete and asphalt The company is headquartered in Denver, Colorado 	<ul style="list-style-type: none"> Announced Date: 11/25/2024 Implied Enterprise Value: \$11.5B EV / LTM EBITDA: 12.5x The transaction price represents a ~36% premium above Summit’s 90-day volume-weighted average price
		<ul style="list-style-type: none"> Unified Door and Hardware (“Unified”) is a leading distributor of doors and related hardware for commercial building applications The company is headquartered in Pennsauken, New Jersey 	<ul style="list-style-type: none"> Announced Date: 09/03/2024 Implied Enterprise Value: Undisclosed EV / LTM EBITDA: Undisclosed

Source: Press releases, investor presentations, and CapitalIQ as of February 28, 2025.



Key Market Performance Indicators & Analysis

Construction Spending

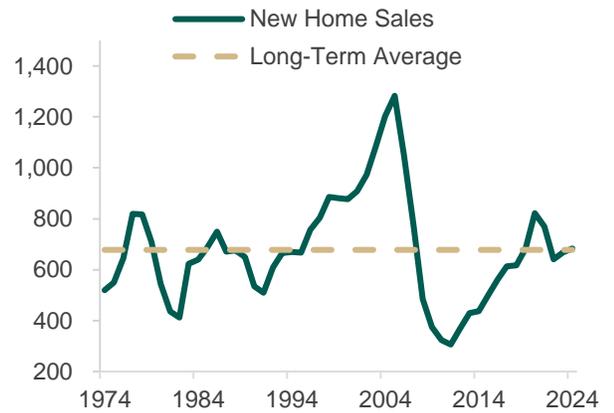
- Overall construction spend has continued to steadily increase in January, showcasing 7.8% increase from the prior year on a LTM basis. Rebounds in commercial activity supported by re-acceleration in data center and warehouse planning activity continues to drive the increase
- Non-residential spend is proportionally at its highest level fueled by infrastructure spend over the past few quarters
- The Dodge Momentum Index (“DMI”) was 6% higher in January 2025 than December 2024 and up ~25% from the prior year period. The DMI is up over ~50% from January 2020 levels, signaling strong construction spending heading into 2025, driven by further monetary easing and a sizable number of projects in planning



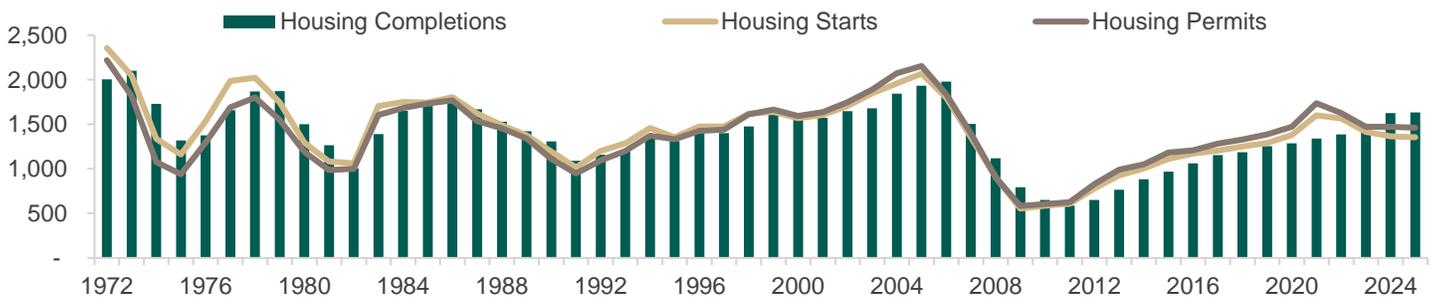
Drivers of Residential New Construction

- Total residential construction spend picked up substantially in the first half of 2024, reaching a peak of \$86.1 billion in June 2024, but fell back to \$66.5 billion in December 2024. Residential construction spend increased 5.6% year-over-year in 2024 from 2023. In stark contrast, builder confidence in the market for new single-family homes fell in February 2025. Elevated rates for construction and development loans continue to put a damper on builder sentiment
- In January 2025, the National Association of Home Builders Housing Market Index (“NAHB HMI”) slightly increased to 47 following two flat months in November and December 2024.
- In January 2025, housing completions reached 1.7 million on a seasonally-adjusted basis, representing a 9.8% year-over-year increase, while housing starts slipped for both single- and multi-family. Housing permits remained steady at a seasonally-adjusted annual rate of 1.5 million in January 2025.

New Home Sales



Housing Starts (Units in Thousands)



Source: Dodge Construction Network, National Association of Home Builders, U.S. Census Bureau, and other industry reports.

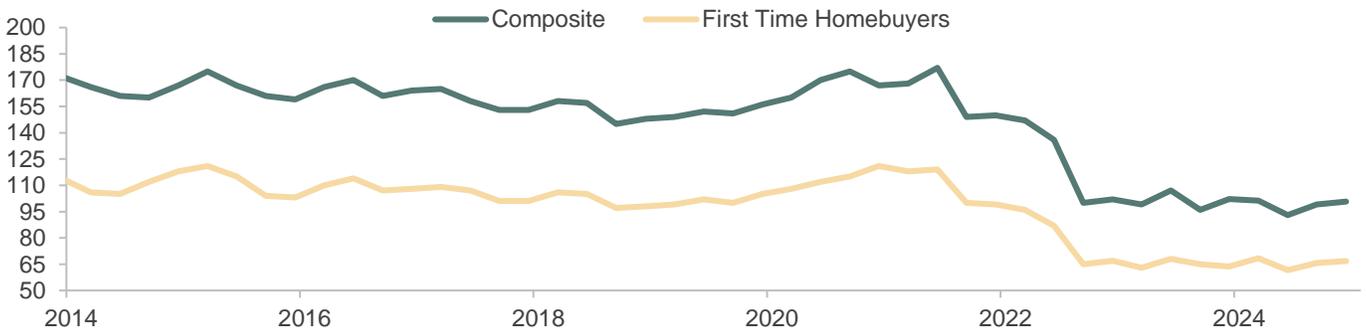


Key Market Performance Indicators & Analysis (Cont'd)

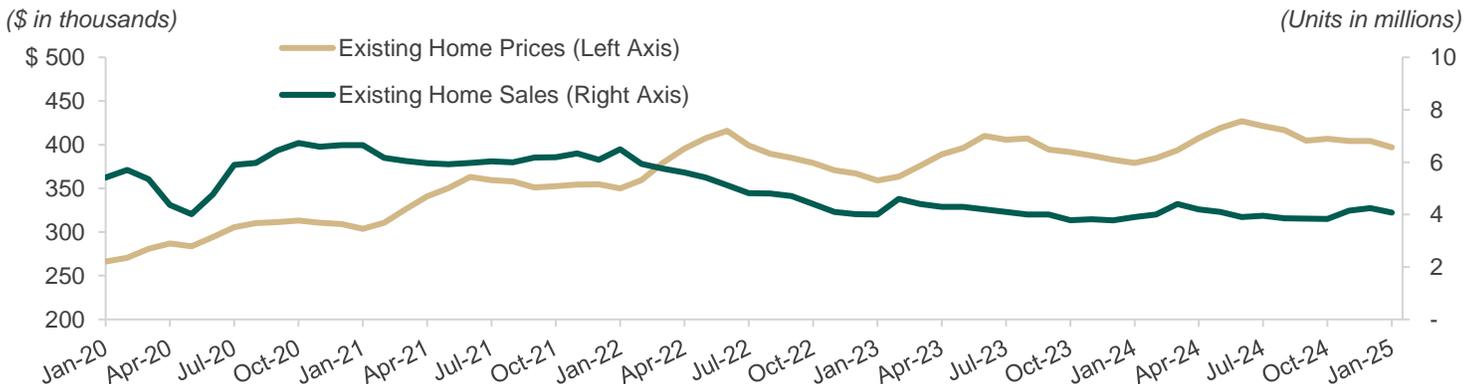
Macroeconomic Trends Impacting the Single-Family Space

- U.S. single-family residential market conditions have reached a base of 1M starts annually, but there a fair amount of uncertainty in the market due to real-time events
 - Single-family housing starts are expected to remain relatively flat with 2024 figures
 - Building permits stabilized in January from December 2024, signaling builders continue to remain cautiously optimistic
 - Mortgage rates have slightly increased to 6.7% from the 15-month low of 6.5% in early August with expectations of rates to stabilize in the mid-6% range through 2025
- Affordability continues to represent a challenge, especially with first-time home buyers, but slight upticks for both composite and first-time buyers indicate optimism going into 2025
 - Entry-level homes are becoming more affordable, but geography continues to be a massive factor
 - Despite current homeowners experiencing a “locked-in” effect of their current mortgage rates, existing home sales have risen, increasing 5.2% YoY; January 2025 \$396.9K median existing home price represents a 4.8% increase YoY but a considerable drop from \$404.4K in December 2024

Housing Affordability Index



Existing Home Sale Prices



Source: Harvard University, National Association of Home Builders, National Association of Realtors, St. Louis Fed, and Fannie Mae.



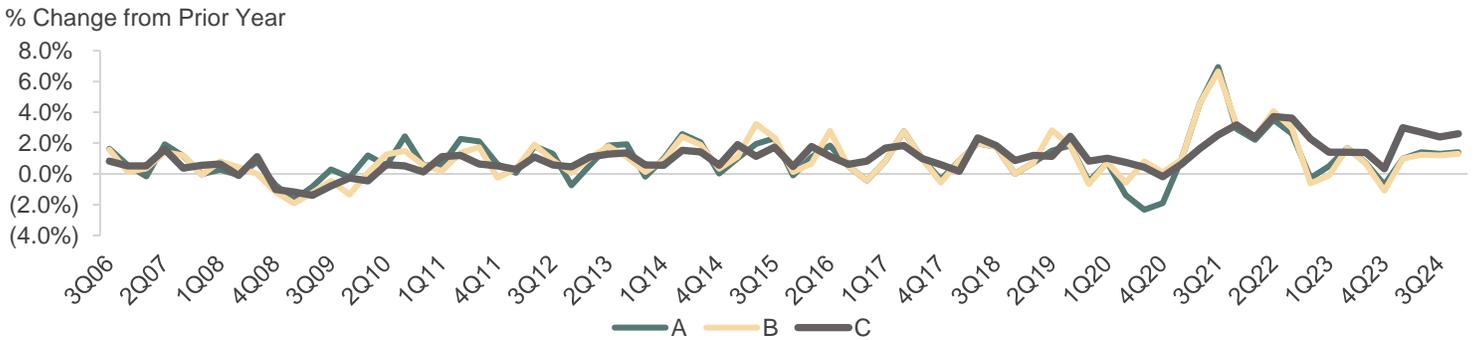
Key Market Performance Indicators & Analysis (Cont'd)

Macroeconomic Trends Impacting the Single-Family Space (Cont'd)

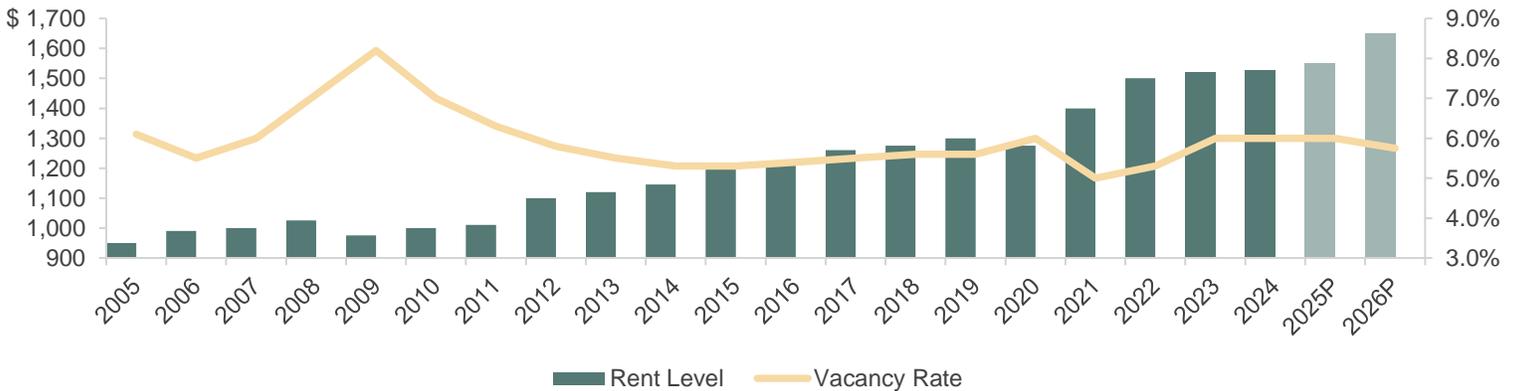
- Despite faltering net absorption rates in January, multi-family demand is expected to increase, driven by falling vacancy rates and rising availability of lease concessions

 - New supply continued to be a major force, with more than 44,000 new units delivered in January
 - Stabilized net absorption was negative for fourteen consecutive months from early 2022 through early 2023, but no single month in that period experienced a decline of the magnitude seen this January
- The national median price of an apartment in January 2025 was \$1,566, which represents a slight increase of 0.9% from the prior year. The deceleration in rent growth toward the end of 2024 represented an influx of new supply across many local markets, despite growing demand and absorption
- Multi-family new build data continues to be choppy month-to-month with January starts rate down 11% from December down 2% YoY driven by high construction costs, elevated mortgage rates, and constrained housing affordability conditions due to ongoing, elevated interest rates
- Multi-family new home completions posted over 12% YoY gains and remains the largest contributor to completions, but will likely trend lower as the backlog of units under construction continues to moderate
- Forecasts for 2025 indicate single-family housing starts will steadily trend higher in the long-term but will remain flat in 2025 due to a combination of policy uncertainty, tariffs, and wavering optimism around relief on rates and affordability

National Effective Rent Growth by Class



Estimated Multi-family Rent and Vacancy – Historical and Forecast⁽¹⁾



Source: CBRE, U.S. Census Bureau, Fannie Mae MF ESR, Multifamily Executive, ALN Apartment Data, and Rent Research.
 (1) 2025P and 2026P represents preliminary data from Fannie Mae.

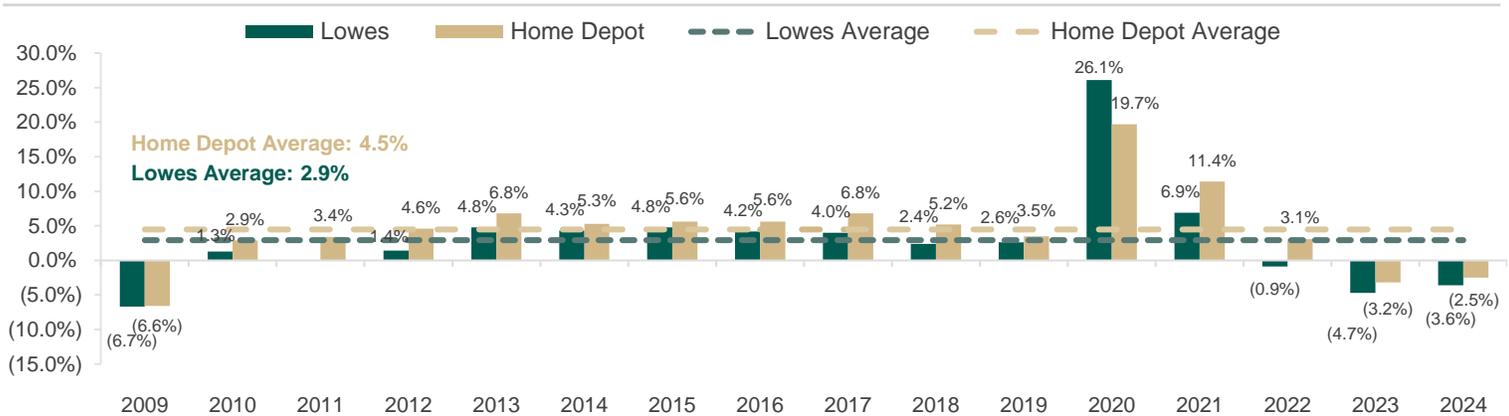


Key Market Performance Indicators & Analysis (Cont'd)

Drivers of Renovation & Remodel (“R&R”) Spending

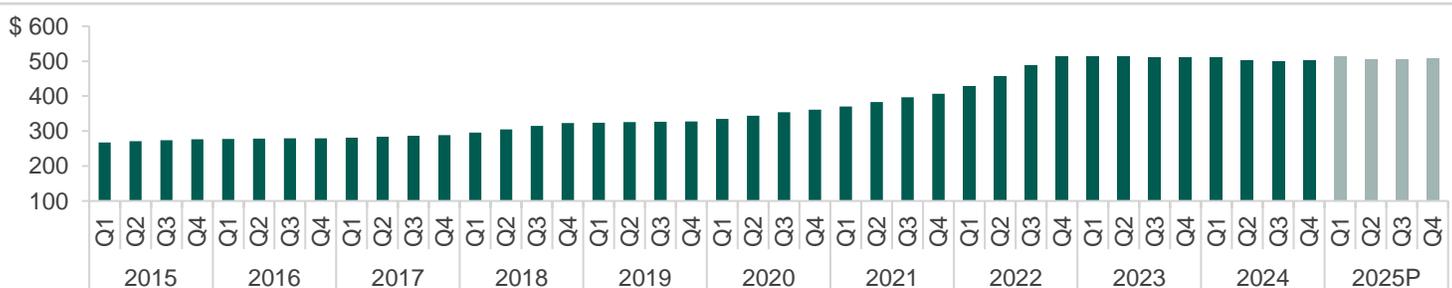
- Home renovation spending is expected to increase ~2% going into Q1 2025, growing to \$513.4 billion with the expectation of stabilizing just above last year’s peaks. After two years of decline, annual expenditures for repairs and maintenance to owner-occupied homes are expected to grow at a mild pace throughout 2025 although some economists are more bullish than others on the sector
- Significant tailwinds, including age of existing homes and \$30+ trillion of home equity, provide a bullish medium-term outlook for the R&R space
- Elevated mortgage rates are prompting a lot of would-be homebuyers to stay in their current residences, rather than trying to purchase something else. Smaller budget investments can drastically improve the marketability of these homes when homeowners decide to begin looking for new residences

Same-Store Sales for Lowes & Home Depot



- 2020 – 2022 drove record-high home improvement spending as individuals updated homes to improve remote working conditions. Same-store sales for both Lowe’s and Home Depot have declined through 2024, demonstrating interest in home repair and remodeling spend normalizing to historical levels as individuals return to “pre-COVID” life and navigate high interest rates and high inflation

Repair & Remodeling Spend (Dollars in Billions)⁽²⁾



- Repair and remodeling spending for Q4 2024 grew 0.6% to \$502 billion in comparison to Q3 2024

Source: Harvard University, investor presentations, National Association of Home Builders, National Association of Realtors, and the St. Louis Fed.

(1) Reflects most recent balance sheet figures reported as of November 1, 2024.

(2) Reflects four-quarter moving average of repair & remodel spending.

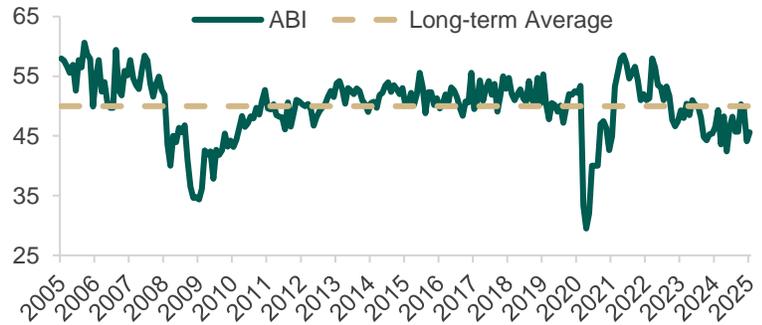


Key Market Performance Indicators & Analysis (Cont'd)

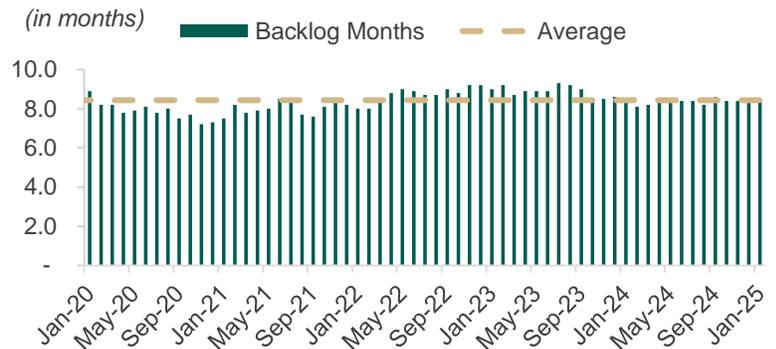
Commercial Construction Activity

- Non-residential construction spend rose 9.8% in January from the prior year, with ongoing infrastructure investment driving the increase
- The ABI saw a score of 45.6 in January 2025, moving 1.0 point lower from January 2024 as the difficulties of finding a sufficient amount of skilled workers to meet demand
 - Non-residential construction added 4.4K jobs in January; hiring should continue in the coming months with non-residential construction backlogs still high
 - Wages rose 4.1% YoY in January while construction unemployment rose to 6.5% as residential employment continues to pull back over the next few quarters
- Backlogs at firms remained steady and strong at 6.5 months in December, so many firms still have work in the pipeline for now:
 - Continued growth in onshoring manufacturing, which represents nearly 20% of non-residential construction
 - Dollars from the Infrastructure Investment and Jobs Act continue to make their way into the market, driving activity

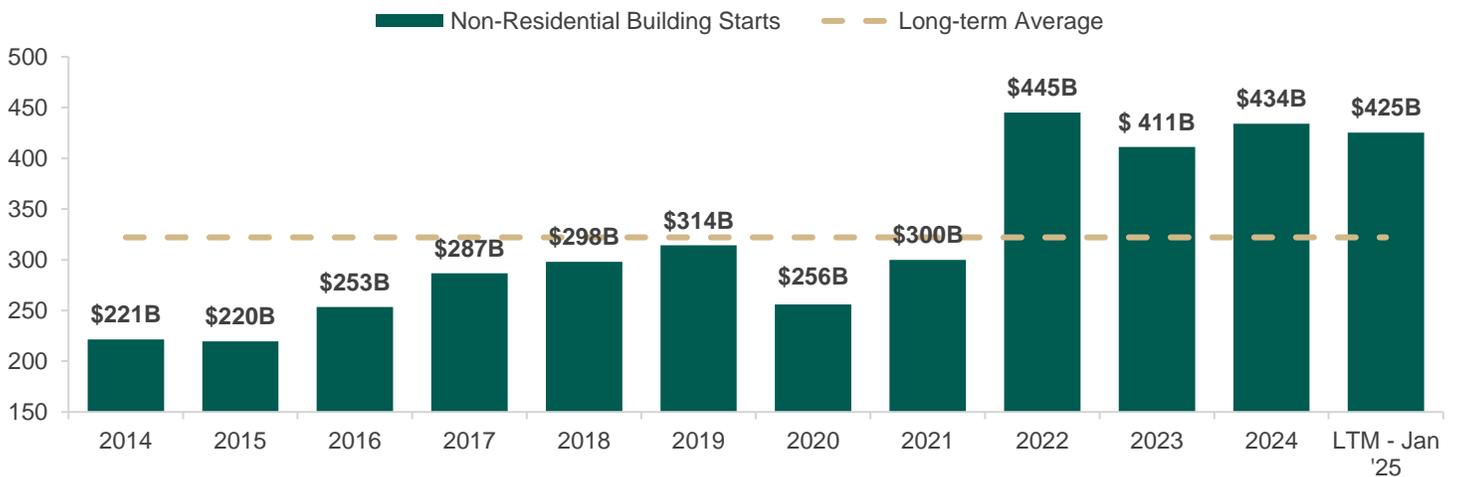
Architectural Billings Index (“ABI”)



Construction Backlog Indicator (“CBI”)



Non-Residential Building Starts



- Commercial activity fell by 7.6% in 2023, falling to \$411 billion from \$445 billion seasonally adjusted annual rate over the prior year period

Source: American Institute of Architects, Associated Builders & Constructors, and Dodge Data & Analytics.

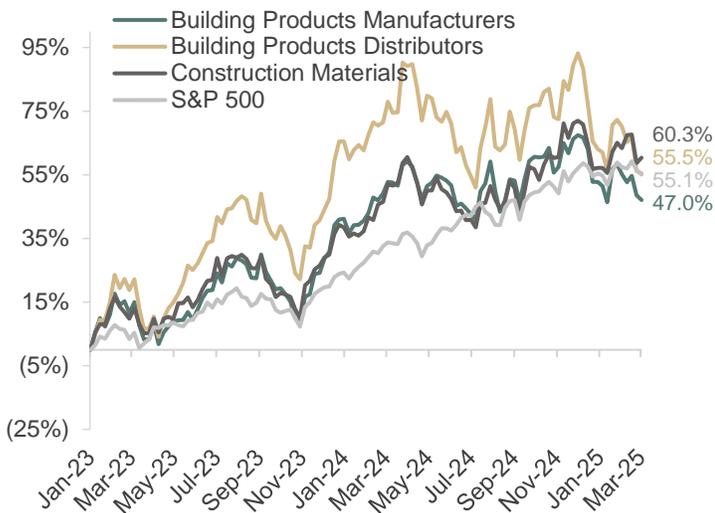


Public Markets Update

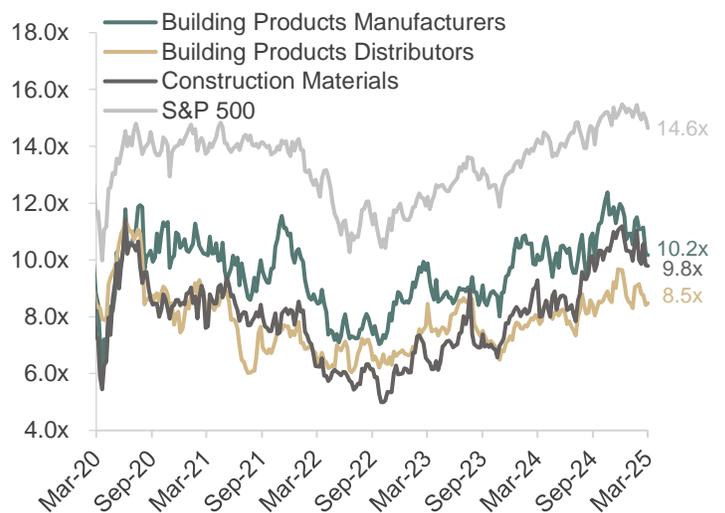
Building Products & Materials Industry Update

Stock Price Performance & Valuation⁽¹⁾

Historical Stock Prices

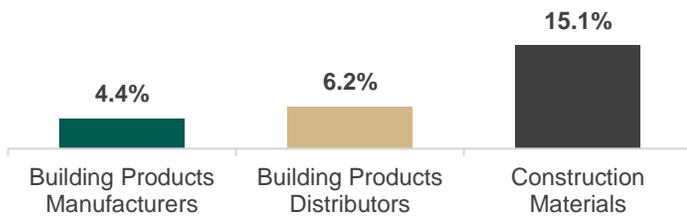


Historical Median TEV / NTM EBITDA

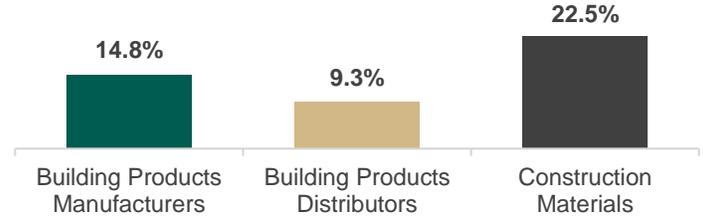


Summary of Operating Metrics⁽¹⁾

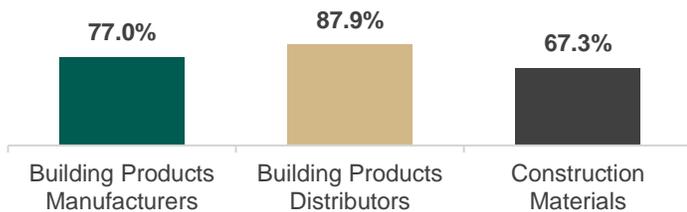
Average Revenue Growth (2023-2025E)



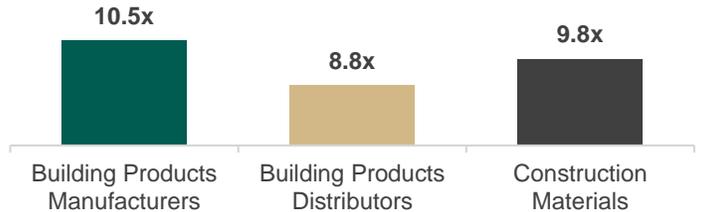
Median LTM EBITDA Margin



Median LTM Free Cash Flow Generation⁽²⁾



Median TEV / 2024E EBITDA



Source: CapitalIQ as of February 28, 2025.
 (1) See pages 18-20 for index constituents.
 (2) Calculated as (EBITDA-CapEX) / EBITDA.



Public Comparables – Valuation Metrics

Building Products Manufacturers

	Share Price	As % of LTM High	Equity Value	Enterprise Value (EV)	P/E			EV / EBITDA			EV / EBIT		
	2/28/2025				LTM	2024E	2025E	LTM	2024E	2025E	LTM	2024E	2025E
Building Products Manufacturers													
Diversified Building Products													
Armstrong World Industries, Inc.	\$ 153.66	93.5%	\$ 6,679	\$ 7,163	25.5x	24.8x	22.0x	14.6x	14.7x	13.3x	18.5x	19.1x	17.0x
Compagnie de Saint-Gobain S.A.	100.63	98.0%	50,003	60,658	17.2	15.2	14.1	8.5	8.2	7.4	11.2	11.3	10.1
James Hardie Industries plc	31.42	80.2%	13,505	14,070	31.2	21.0	20.4	12.9	13.0	12.7	15.9	16.0	15.7
LIXIL Corporation	11.35	86.7%	3,260	6,882	NM	NM	25.8	10.2	10.3	8.6	NM	NM	NM
Mean		89.6%	\$ 18,362	\$ 22,193	24.7x	20.4x	20.6x	11.6x	11.5x	10.5x	15.2x	15.4x	14.2x
Median		90.1%	10,092	10,616	25.5	21.0	21.2	11.6	11.6	10.7	15.9	16.0	15.7
Access Systems													
Allegion plc	\$ 128.71	82.5%	\$ 11,106	\$ 12,602	18.9x	17.3x	16.5x	14.0x	13.5x	13.1x	15.9x	14.6x	14.0x
ASSA ABLOY AB (publ)	30.69	94.2%	34,086	40,321	2.2	2.2	2.0	14.9	15.2	13.2	18.4	18.5	16.0
dormakaba Holding AG	723.04	89.9%	3,030	3,346	45.2	25.2	20.9	8.2	7.0	6.2	10.8	12.8	8.8
Fortune Brands Innovations, Inc.	64.72	71.5%	7,933	10,225	17.3	15.4	15.3	10.6	10.5	10.4	13.3	12.9	12.7
Mean		84.5%	\$ 14,039	\$ 16,624	20.9x	15.0x	13.7x	12.0x	11.6x	10.7x	14.6x	14.7x	12.9x
Median		86.2%	9,520	11,414	18.1	16.4	15.9	12.3	12.0	11.7	14.6	13.7	13.3
Building Envelope													
Apogee Enterprises, Inc.	\$ 47.94	54.5%	\$ 1,052	\$ 1,280	10.7x	11.1x	12.2x	6.5x	6.6x	7.4x	8.2x	9.0x	10.3x
Kingspan Group plc	82.25	85.8%	14,967	17,156	22.7	22.8	20.3	15.3	15.1	13.2	19.1	19.9	17.1
Tecnoglass Inc.	73.66	84.7%	3,461	3,431	21.5	20.3	17.3	13.4	12.5	10.9	14.8	15.0	12.4
Mean		75.0%	\$ 6,493	\$ 7,289	18.3x	18.1x	16.6x	11.8x	11.4x	10.5x	14.0x	14.6x	13.2x
Median		84.7%	3,461	3,431	21.5	20.3	17.3	13.4	12.5	10.9	14.8	15.0	12.4
Doors & Windows													
Griffon Corporation	\$ 72.34	83.4%	\$ 3,438	\$ 4,761	14.8x	16.0x	12.3x	9.2x	9.2x	8.9x	10.4x	11.4x	10.0x
JELD-WEN Holding, Inc.	5.50	25.3%	467	1,500	NM	6.9	11.8	9.7	5.5	6.6	NM	12.6	11.5
Quanex Building Products Corporation	19.29	49.1%	911	1,576	21.4	10.5	7.6	13.6	8.1	9.8	NM	12.4	13.1
Mean		52.6%	\$ 1,605	\$ 2,612	18.1x	11.1x	10.6x	10.8x	7.6x	8.4x	10.4x	12.1x	11.6x
Median		49.1%	911	1,576	18.1	10.5	11.8	9.7	8.1	8.9	10.4	12.4	11.5
Flooring & Cabinets													
Interface, Inc.	\$ 20.23	74.0%	\$ 1,180	\$ 1,392	13.7x	14.5x	12.9x	7.8x	7.6x	7.0x	10.5x	10.0x	9.2x
MasterBrand, Inc.	13.99	67.7%	1,786	2,673	14.6	9.2	9.6	7.6	6.8	6.9	9.7	8.3	8.9
Mohawk Industries, Inc.	117.59	71.6%	7,360	8,935	14.4	12.2	12.3	6.2	6.3	6.3	11.1	11.0	11.1
Tarkett S.A.	16.60	99.7%	1,086	1,539	NM	14.9	NM	5.7	4.8	NM	NM	8.4	NA
Mean		78.2%	\$ 2,853	\$ 3,635	14.2x	12.7x	11.6x	6.8x	6.4x	6.7x	10.4x	9.4x	9.7x
Median		72.8%	1,483	2,106	14.4	13.3	12.3	6.9	6.5	6.9	10.5	9.2	9.2
HVAC													
A. O. Smith Corporation	\$ 66.48	71.9%	\$ 9,542	\$ 9,459	18.3x	17.6x	17.6x	12.2x	11.6x	11.7x	13.5x	12.7x	12.9x
Carrier Global Corporation	64.80	77.8%	55,986	64,609	53.1	25.7	21.6	17.4	13.6	13.2	NM	18.1	16.9
Daikin Industries, Ltd.	104.46	62.0%	30,585	30,849	0.1	0.1	0.1	7.5	7.7	6.8	11.9	11.9	10.5
Lennox International Inc.	601.05	88.1%	21,385	22,110	26.7	28.3	26.1	19.4	20.4	19.0	NM	NM	NM
Rinnai Corporation	22.81	87.7%	3,208	2,587	0.1	0.1	0.1	6.3	6.8	5.9	8.4	8.7	7.7
Mean		77.5%	\$ 24,141	\$ 25,923	19.7x	14.4x	13.1x	12.6x	12.0x	11.3x	11.3x	12.9x	12.0x
Median		77.8%	21,385	22,110	18.3	17.6	17.6	12.2	11.6	11.7	11.9	12.3	11.7

Source: CapitalIQ as of February 28, 2025.



Public Comparables – Valuation Metrics (Cont'd)

Building Products Manufacturers

	Share	As % of	Equity	Enterprise	P/E			EV / EBITDA			EV / EBIT			
	Price	LTM			Value	Value (EV)	LTM	2024E	2025E	LTM	2024E	2025E	LTM	2024E
	2/28/2025	High												
Building Products Manufacturers														
Kitchen & Bath														
Advanced Drainage Systems, Inc.	\$ 111.39	60.4%	\$ 8,641	\$ 9,580	18.6x	17.7x	17.8x	11.2x	10.6x	10.0x	13.8x	13.9x	13.6x	
American Woodmark Corporation	62.08	58.3%	921	1,253	9.6	7.9	9.5	6.3	5.6	5.9	8.3	7.5	9.4	
Caesarstone Ltd.	3.79	55.7%	131	32	NM									
Masco Corporation	75.18	86.7%	15,937	18,478	20.0	18.4	17.4	12.1	12.2	12.1	13.5	13.5	13.4	
Mean		68.5%	\$ 8,500	\$ 9,770	16.1x	14.7x	14.9x	9.9x	9.5x	9.3x	11.9x	11.6x	12.1x	
Median		60.4%	8,641	9,580	18.6	17.7	17.4	11.2	10.6	10.0	13.5	13.5	13.4	
Lighting														
Acuity Brands, Inc.	\$ 297.13	86.0%	\$ 9,110	\$ 8,670	21.9x	19.2x	16.6x	13.4x	12.5x	10.3x	15.6x	13.5x	11.2x	
Hubbell Incorporated	371.59	77.2%	19,942	21,180	25.9	22.6	21.1	16.1	16.0	15.1	19.2	19.2	17.9	
LSI Industries Inc.	18.49	72.5%	534	569	24.3	26.2	22.0	12.1	11.2	10.0	15.9	16.9	14.8	
Orion Energy Systems, Inc.	0.90	58.8%	30	33	NM	NM	NM	NM	NM	22.0	NM	NM	NM	
Mean		78.6%	\$ 9,862	\$ 10,140	24.0x	22.7x	19.9x	13.9x	13.2x	11.8x	16.9x	16.6x	14.6x	
Median		77.2%	9,110	8,670	24.3	22.6	21.1	13.4	12.5	10.3	15.9	16.9	14.8	
Metal Products & Structures														
Gibraltar Industries, Inc.	\$ 65.71	80.2%	\$ 1,995	\$ 1,725	14.7x	15.8x	13.4x	9.1x	8.7x	7.5x	10.7x	10.9x	8.8x	
Insteel Industries, Inc.	28.14	73.3%	547	511	28.5	24.9	17.4	13.5	13.7	4.6	NM	NM	5.3	
Nucor Corporation	137.47	67.7%	31,692	35,626	16.2	16.5	19.4	8.2	8.4	8.8	11.8	12.5	13.2	
Simpson Manufacturing Co., Inc.	164.40	75.3%	6,932	7,077	21.6	21.7	20.4	13.6	13.6	12.6	16.3	16.7	15.6	
Mean		74.1%	\$ 10,291	\$ 11,235	20.3x	19.7x	17.6x	11.1x	11.1x	8.4x	12.9x	13.4x	10.7x	
Median		74.3%	4,463	4,401	18.9	19.1	18.4	11.3	11.2	8.1	11.8	12.5	11.0	
Roofing, Siding & Decking														
Owens Corning	\$ 154.04	71.8%	\$ 13,177	\$ 18,013	20.9x	9.9x	10.2x	7.0x	6.7x	6.9x	9.5x	8.9x	9.3x	
The AZEK Company Inc.	46.85	85.3%	6,731	7,111	47.2	39.7	31.8	19.7	18.5	16.9	NM	NM	NM	
Trex Company, Inc.	61.69	61.2%	6,611	6,812	29.5	30.2	28.0	18.9	19.4	17.9	NM	NM	NM	
Mean		72.8%	\$ 8,839	\$ 10,645	32.5x	26.6x	23.4x	15.2x	14.9x	13.9x	9.5x	8.9x	9.3x	
Median		71.8%	6,731	7,111	29.5	30.2	28.0	18.9	18.5	16.9	9.5	8.9	9.3	
Wood Products														
Louisiana-Pacific Corporation	\$ 99.67	81.1%	6,946	6,954	16.9x	17.6x	18.1x	10.3x	10.3x	10.8x	12.7x	12.9x	13.7x	
Mean		81.1%	\$ 6,946	\$ 6,954	16.9x	17.6x	18.1x	10.3x	10.3x	10.8x	12.7x	12.9x	13.7x	
Median		81.1%	6,946	\$ 6,954	16.9	17.6	18.1	10.3	10.3	10.8	12.7	12.9	13.7	
Overall Building Product Manufacturers Mean		75.2%	\$ 10,664	\$ 12,122	20.7x	17.2x	16.2x	11.5x	10.9x	10.5x	13.2x	13.2x	12.2x	
Overall Building Product Manufacturers Median		77.2%	6,731	7,077	19.4	17.5	17.3	11.2	10.5	10.0	13.0	12.8	12.6	

Source: CapitalIQ as of February 28, 2025.



Public Comparables – Valuation Metrics (Cont'd)

Building Products Distributors & Construction Materials

	Share Price	As % of LTM High	Equity Value	Enterprise Value (EV)	P/E			EV / EBITDA			EV / EBIT		
	2/28/2025				LTM	2024E	2025E	LTM	2024E	2025E	LTM	2024E	2025E
Building Products Distributors													
Distributors													
Boise Cascade Company	\$ 103.66	66.7%	\$ 3,932	\$ 3,693	10.8x	10.9x	12.6x	5.8x	5.9x	6.5x	7.5x	7.6x	8.8x
BlueLinx Holdings Inc.	79.37	58.9%	658	740	12.8	13.4	22.6	6.0	5.7	6.4	8.6	8.4	10.2
Builders FirstSource, Inc.	138.99	64.7%	15,792	19,343	15.3	12.1	14.0	9.0	8.3	9.1	12.1	11.7	13.3
Doman Building Materials Group Ltd.	5.24	75.9%	458	1,243	8.4	8.0	6.1	10.5	9.2	6.9	15.1	15.1	10.5
Ferguson Enterprises Inc.	177.50	78.7%	35,490	38,886	21.3	19.0	17.8	13.3	13.3	12.6	15.1	14.3	13.5
GMS Inc.	79.61	75.4%	3,090	4,486	14.6	10.2	10.2	8.5	8.0	7.8	11.8	12.3	11.5
SiteOne Landscape Supply, Inc.	126.31	67.2%	5,680	6,109	46.6	38.0	32.1	17.8	16.2	14.7	NM	NM	NM
Watsco, Inc.	504.33	88.3%	19,036	18,684	37.9	38.6	34.5	22.8	22.9	20.6	NM	NM	NM
ADENTRA Inc.	23.22	74.1%	582	1,175	11.6	7.5	7.2	8.7	NM	5.7	11.6	11.1	9.8
Beacon Roofing Supply, Inc.	115.42	95.1%	7,108	9,841	20.3	16.0	15.1	11.0	NM	9.9	14.2	12.4	12.1
Mean		74.5%	\$ 9,183	\$ 10,420	21.0x	18.8x	18.7x	11.3x	11.2x	10.0x	12.0x	11.6x	11.2x
Median		74.7%	\$ 4,806	\$ 5,298	14.6	12.1	14.0	9.7	8.8	8.5	11.9	12.0	11.0
Construction Materials													
Aggregates and Cement													
CEMEX, S.A.B. de C.V.	\$ 0.62	82.5%	\$ 8,912	\$ 15,707	10.1x	8.2x	8.8x	5.7x	4.9x	5.0x	8.4x	8.2x	8.6x
CRH plc	102.52	92.4%	69,334	81,083	20.4	18.7	17.5	12.2	11.7	10.7	16.8	15.8	14.3
Eagle Materials Inc.	226.21	70.3%	7,530	8,501	16.2	15.2	14.8	10.6	10.2	9.8	13.1	12.6	12.4
Heidelberg Materials AG	151.08	96.4%	26,964	33,711	15.6	13.3	11.6	7.2	7.3	6.5	10.1	10.2	9.0
Holcim AG	109.28	98.1%	60,213	70,388	20.9	18.5	17.3	10.2	9.4	8.6	13.8	12.8	11.5
Martin Marietta Materials, Inc.	483.14	76.3%	29,459	34,426	14.9	28.1	26.2	16.7	16.8	15.1	NM	19.3	NM
Vulcan Materials Company	247.31	82.9%	32,672	37,464	35.8	34.6	29.6	18.3	15.1	15.1	NM	NM	NM
Mean		85.6%	\$ 33,583	\$ 40,183	19.2x	19.5x	18.0x	11.6x	10.8x	10.1x	12.4x	13.1x	11.2x
Median		82.9%	29,459	34,426	16.2	18.5	17.3	10.6	10.2	9.8	13.1	12.7	11.5
Lumber & Forest Products													
UFP Industries, Inc.	\$ 107.00	75.7%	\$ 6,491	\$ 5,548	15.8x	15.6x	15.4x	8.6x	8.3x	7.9x	11.1x	11.0x	10.8x
West Fraser Timber Co. Ltd.	79.66	81.4%	6,348	5,936	NM	59.4	17.1	9.1	8.5	5.8	NM	NM	12.9
Rayonier Inc.	26.49	75.1%	4,135	4,984	11.1	NM	47.3	9.3	17.8	17.3	12.6	NM	NM
Mean		77.4%	\$ 5,658	\$ 5,489	13.4x	37.5x	26.6x	9.0x	11.5x	10.3x	11.9x	11.0x	11.9x
Median		75.7%	6,348	5,548	13.4	37.5	17.1	9.1	8.5	7.9	11.9	11.0	11.9
Overall Construction Materials Mean		83.1%	\$ 25,206	\$ 29,775	17.9x	23.5x	20.6x	10.8x	11.0x	10.2x	12.3x	12.8x	11.4x
Overall Construction Materials Median		82.0%	17,938	\$ 24,709	15.8	18.5	17.2	9.7	9.8	9.2	12.6	12.6	11.5

Source: CapitalIQ as of February 28, 2025.



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Glossary of Terms & Other Important Information

EBITDA – Earnings before interest, taxes, depreciation & amortization. An approximate measure of a company's operating cash flow based on data from the company's income statement.

EBIT – Earnings before interest and taxes. A measure of a company's earning power from ongoing operations, equal to earnings before deduction of interest payments and income taxes.

Enterprise Value (EV) – Market value of equity plus debt less cash. A measure of what the market believes a company's ongoing operations are worth.

LTM – Last twelve months. Time period used when referencing a financial statistic.

NTM – Next twelve months. Time period used when referencing a financial statistic.

The S&P 500 – An unmanaged common stock index commonly used to measure and report common stock performance.



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