

November 2018 Industry snapshot

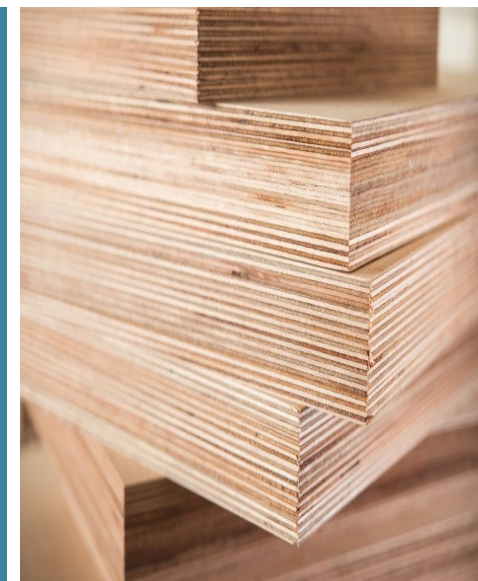
BUILDING PRODUCTS

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BUILDING MATERIALS MARKET



Chris Gregory

Building Products
Sector Head for the UK

The building products industry encompasses a wide range of sectors, including HVACR, lighting, plumbing products, wood products, insulation, windows & doors, and glass. In recent years, increasing global urbanisation has led to a heightened urgency to create efficient environments, able to fully support occupants' wellbeing and productivity. This, combined with a strong consumer confidence environment, will continue to drive growth in the industry.

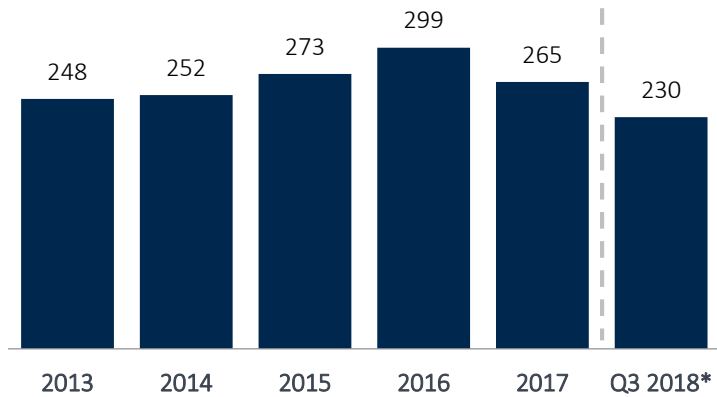
Recently, the industry has seen a trend toward "greener," more sustainable construction as governments, private businesses, and consumers have begun to recognise the role buildings play in energy, water, materials and other resources usage; greenhouse gas emissions; and the safety, health and productivity of citizens.

As a result of these concerns and the advance in building-related technologies, many nations now seek to create "smart" building environments that maximise efficiencies and create healthier, more environmentally friendly living spaces.

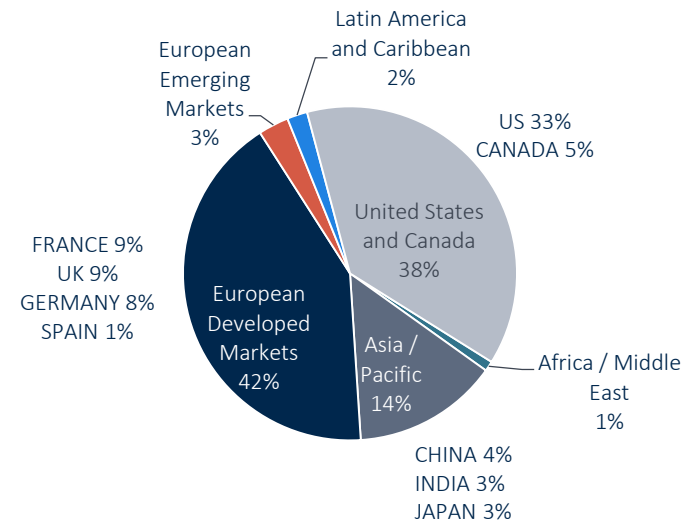
Merger and acquisition deal activity reached a post-recession high in 2016 and is on pace to exceed that total in 2018. The majority of deals occurred in the US, France, and the UK, with other developed European markets seeing significant deal activity in the space.

Clairfield International has expertise in the building materials industry and can advise clients that are seeking to gain an advantage within the market.

BUILDING PRODUCTS DEALS WORLDWIDE BY YEAR



BUILDING MATERIALS DEAL VOLUME BY TARGET REGION⁽¹⁾



Sources: CapitalIQ, International Trade Administration

* Year-To-Date, as of Q3 2018

(1) Over Latest Twelve Months, as of Q3 2018



BUILDING PRODUCTS DISTRIBUTION AND SERVICES⁽¹⁾

LISTED PLAYERS		EV/REVENUE	EV/EBITDA	EBITDA MARGIN
Ferguson plc	Switzerland	0.8x	9.7x	8.1%
HD Supply Holdings, Inc.	United States	1.6x	11.2x	14.1%
Pool Corporation	United States	2.1x	18.1x	11.6%
Watsco, Inc.	United States	1.2x	12.8x	9.1%
Beacon Roofing Supply, Inc.	United States	0.9x	12.0x	7.4%
Builders FirstSource, Inc.	United States	0.4x	7.8x	5.7%
TopBuild Corp.	United States	1.1x	9.6x	11.1%
GMS Inc.	United States	0.7x	8.8x	8.1%
BMC Stock Holdings, Inc.	United States	0.4x	6.4x	6.3%
Installed Building Products, Inc.	United States	1.0x	8.3x	12.2%
BlueLinx Holdings Inc.	United States	0.4x	16.1x	2.8%
Hardwoods Distribution Inc.	Canada	0.4x	6.9x	5.3%
		Median: 0.8x	Median: 9.6x	Median: 8.1%

Source: CapitalIQ

(1) Ranked according to Enterprise Value, as of October 29, 2018



BUILDING PRODUCTS MANUFACTURING⁽¹⁾

LISTED PLAYERS		EV/REVENUE	EV/EBITDA	EBITDA MARGIN
CRH plc	Ireland	1.1x	8.9x	12.6%
Mohawk Industries, Inc.	United States	1.2x	6.3x	18.4%
Masco Corporation	United States	1.3x	8.2x	16.2%
Owens Corning	United States	1.2x	7.5x	16.3%
Fortune Brands Home & Security, Inc.	United States	1.5x	9.0x	16.4%
James Hardie Industries plc	Ireland	3.2x	12.8x	24.9%
USG Corporation	United States	2.0x	13.4x	14.6%
Armstrong World Industries, Inc.	United States	3.2x	11.6x	27.1%
Louisiana-Pacific Corporation	United States	0.8x	3.0x	27.4%
Masonite International Corporation	United States	1.0x	7.9x	12.6%
Universal Forest Products, Inc.	United States	0.4x	7.1x	5.8%
American Woodmark Corporation	United States	1.2x	8.0x	15.1%
Patrick Industries, Inc.	United States	0.7x	6.8x	10.7%
PGT Innovations, Inc.	United States	2.2x	12.9x	17.3%
NCI Building Systems, Inc.	United States	0.6x	6.2x	9.8%
Gibraltar Industries, Inc.	United States	1.1x	7.9x	14.0%
Quanex Building Products Corporation	United States	0.8x	7.0x	11.2%

Median:
1.2x

Median:
7.9x

Median:
15.1%

Source: CapitalIQ

(1) Ranked according to Enterprise Value, as of October 29, 2018



CLAIRFIELD TRACK RECORD IN BUILDING PRODUCTS

Deal spotlight

UK



was sold to



Established in 2004, CPM is headquartered in Somerset UK and is a market leader in the supply, manufacture and design of concrete drainage products for the construction industry. Their product portfolio includes concrete pipes, containment and inspection chambers, retaining walls and other bespoke industrial concrete products.

Established in the 1890s, Marshalls is a complete concrete external hard landscaping, paving and flooring products business. With over 2,000 employees, the business supplies superior natural stone and innovative concrete products to the construction, home improvement and landscape markets across the UK.

The transaction was advised by Clairfield International in the UK.

Recent transactions

France



was sold to



Mexico/US



received an investment from



Italy



and the founders sold



US



The Erosion Company

was recapitalised by




France



was sold to




US




was sold to



France



was sold to



US



was sold to





CLAIRFIELD'S BUILDING PRODUCTS TEAM

Sector head



Bo Briggs

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Bo Briggs' investment banking practice is focused on merger & acquisition and private debt and equity advisory services. Since joining Clairfield's US partner (Croft & Bender) in 1998, he has completed numerous M&A and private capital transactions for middle market companies.

Bo's primary banking focus is on the business service, industrial and consumer industries, and his clients include private equity funds, public and private companies and founder and family-owned businesses. Bo has recently closed building products manufacturing, distribution and installation transactions as well as transactions in the specialty contracting and construction dispute resolution industries. As a general partner of C&B Capital, the private equity affiliate of Croft & Bender, Bo also has experience on the principal investing side of the business, including serving on the board or as a board observer for multiple C&B Capital portfolio companies. Prior to joining Croft & Bender, Bo worked in the corporate banking division of SunTrust Banks, Inc. and at the Breckenridge Group, Inc., an Atlanta-based M&A boutique. Bo received a B.S. in commerce with a concentration in finance from the University of Virginia.

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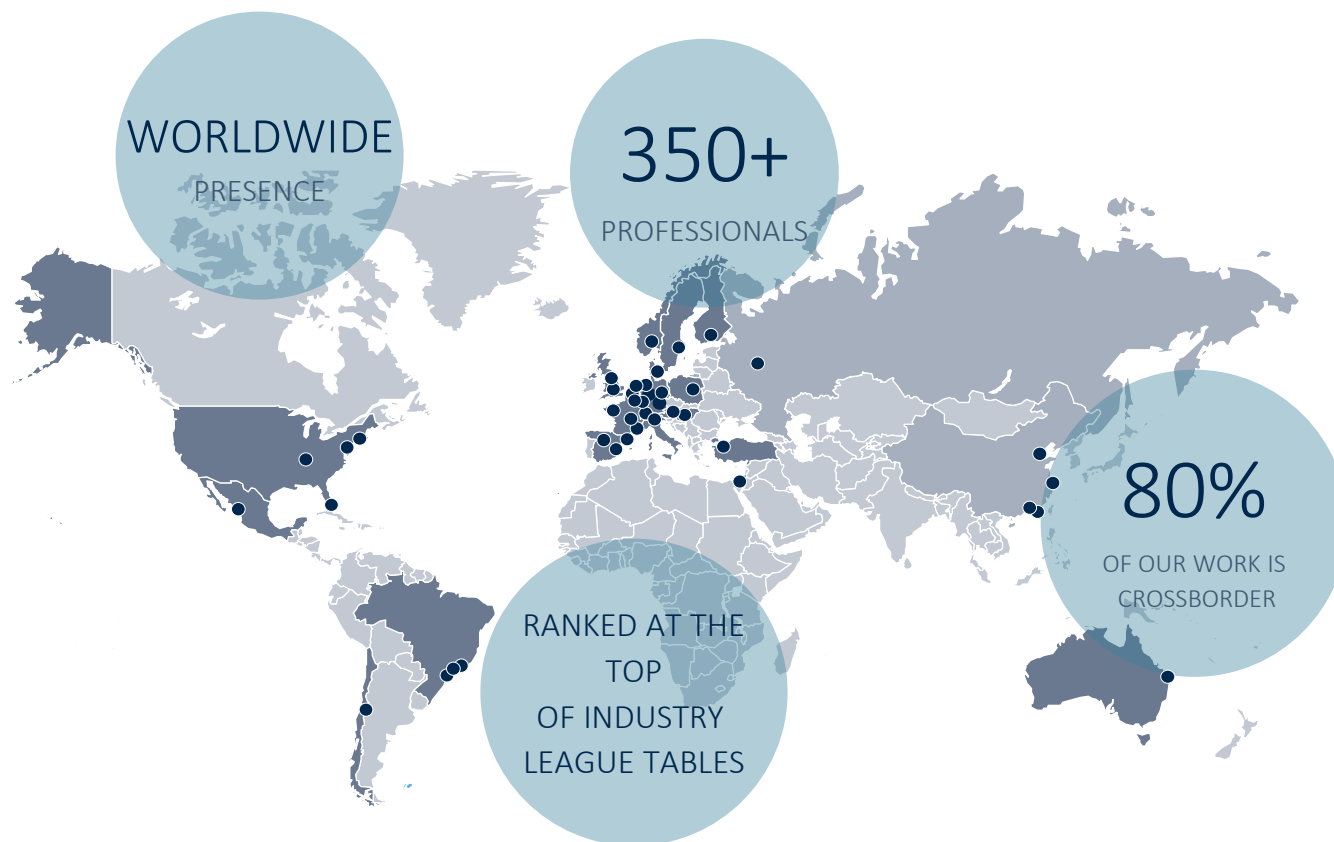


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CLAIRFIELD – A GLOBAL PARTNERSHIP OF M&A SPECIALISTS



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Clairfield International provides advisory services on middle-market transactions for large companies, private investors and private equity, public sector clients, and family businesses. Headquartered in Europe with locations in every major region worldwide, Clairfield offers clients access to local corporate businesses, investors, and key decision makers, combined with a deep understanding of local regulations and cultures. Clairfield ranks as one of the top independent M&A advisors in the annual worldwide, European, US, Latin American, and Asian Pacific league tables by Thomson Reuters.

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