

HIGHLIGHTS

Construction Activity

- Overall housing starts increased to an annual rate of 1,386,000 units in August 2019 from an annual rate of 1,269,000 units in May 2019. Single-family housing starts increased to an annual rate of 915,000 in August 2019 from May's rate of 814,000 units.
- Residential and overall construction spending remained stable in Q3 2019 at an annual rate of \$513 billion and \$1.29 trillion, respectively.

Corporate and Market Performance

| Public Company Groups | For the 12-Months Ended 6/30/2019 ¹ | | Stock Price Performance | | Enterprise Value / 2019E EBITDA |
|------------------------------|--|---------------|-------------------------|---------|---------------------------------|
| | Revenue Growth | EBITDA Growth | Q3 2019 ² | LTM | |
| Distributors | + 12.0% | + 21.8% | + 7.0% | + 10.1% | 9.7x |
| Manufacturers | + 4.0% | + 1.1% | + 0.9% | + 5.0% | 9.8x |
| Lumber Products | - 6.6% | - 49.9% | + 3.2% | - 18.4% | 13.0x |
| Aggregates | + 4.5% | + 12.1% | + 0.0% | - 24.8% | 10.7x |
| Heavy Construction Materials | + 10.0% | + 1.1% | + 16.5% | - 3.3% | 10.3x |

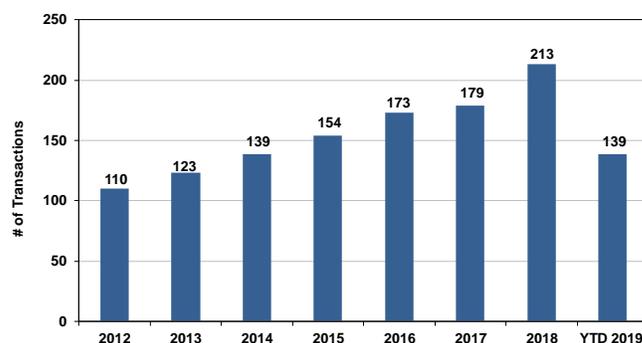
¹ 12-months ended 6/30/2019 vs. 12-months ended 6/30/2018 year-over-year growth.
² Stock price performance 6/30/2019 through 9/30/2019.

M&A ACTIVITY

The building products sector recorded 43 announced M&A transactions in the third quarter of 2019. Q3 highlights include:

- Dimora Company**, a portfolio company of The Jordan Company, acquired Brooklyn, N.Y.-based Watermark Designs, a manufacturer of luxury faucets and bath accessories. Watermark complements Dimora's recent acquisition of Water Street Brass and establishes a suite of luxury offerings across cabinet and door hardware as well as plumbing fixtures.
- Australia-based **Reece Group**, parent company of Dallas, Texas-based MORSCO, acquired Todd Pipe & Supply, a distributor of plumbing supplies with six locations in Southern California. The purchase price was \$160 million, an EBITDA multiple of 8.6x, comprised of \$122 at closing with \$38 million subject to achieving certain milestones.
- SRS Distribution** acquired three roofing and building products distributors this quarter: Schultz Roofing Supply Company in Mich., Travis Roofing Supply in Texas, and Slover Roofing Supply in Texas. SRS Distribution is a portfolio company of Leonard Green & Partners, L.P. and Berkshire Partners LLC encompassing 33 local brands operating in more than 300 locations across 44 states.

U.S. Building Products M&A Activity¹



Source: Capital IQ, Bloomberg, and Company public filings and press releases

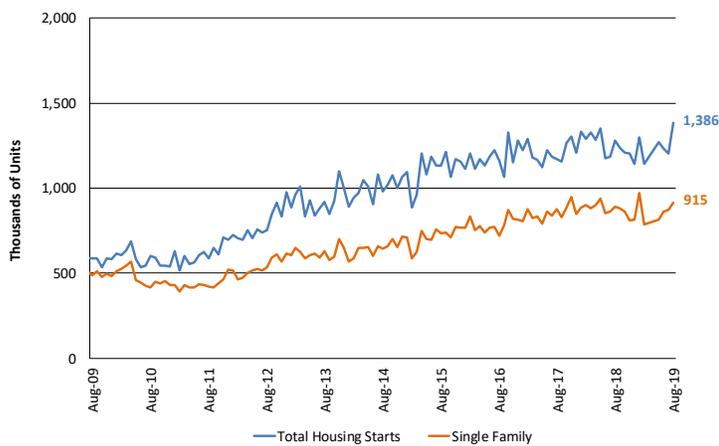
1. Includes transactions in the construction materials, building products, or building products distribution sectors with at least one U.S. participant. Excludes construction and engineering services providers; tools and machinery manufacturers and distributors; and natural deposits.

M&A ACTIVITY (continued)

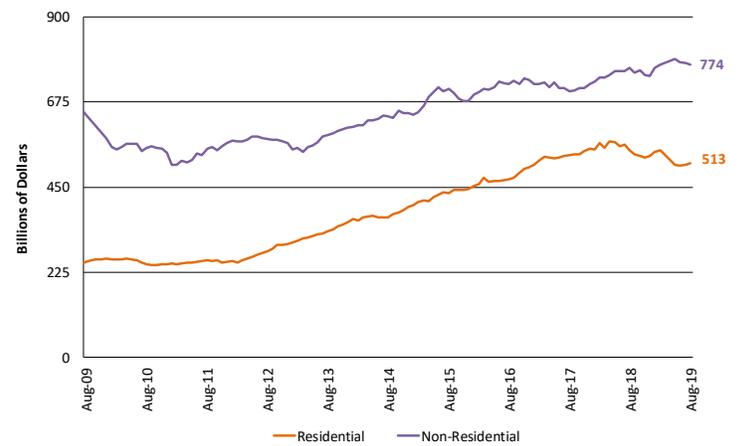
- **BMC**, a provider of diversified lumber and building materials and solutions to new construction builders and professional remodelers in the U.S., acquired Heritage One Door & Carpentry, a supplier of pre-hung doors, millwork, hardware and finish carpentry services in Sacramento, Calif., and Kingston Lumber, a supplier of building materials to custom builders and professional remodelers in Kingston, Wash.
- **Ferguson**, the largest plumbing products distributor in the U.S., announced the acquisition of Action Plumbing Supply, a distributor of PVF and commercial products in southeast Florida and Innovative Soil Solutions, which provides erosion-control solutions and geosynthetics through three locations in Texas.
- **Kodiak Building Partners**, a distributor of specialty building products and portfolio company of Court Square Capital, acquired Builders Alliance, a traditional pro-oriented lumberyard that serves single-family home builders. The location sells building materials, including millwork, cabinets, countertops, and windows to customers in northwest Washington.
- **Homewood Holdings**, a portfolio company of Building Industry Partners, has acquired Total Trim Construction, a distributor of interior trim, moulding, and door installation services to multi-family builders and commercial and hospitality developers and contractors in Northern California, and Custom Choice Door, a Lakewood, Wash.-based supplier of exterior wood, fiberglass and steel doors, interior doors, millwork, hardware, shelving, mantels, stair parts, cabinets, and pre-finishing services.

HOUSING STARTS AND CONSTRUCTION SPENDING

U.S. Housing Starts
(Seasonally Adjusted Annual Rate)

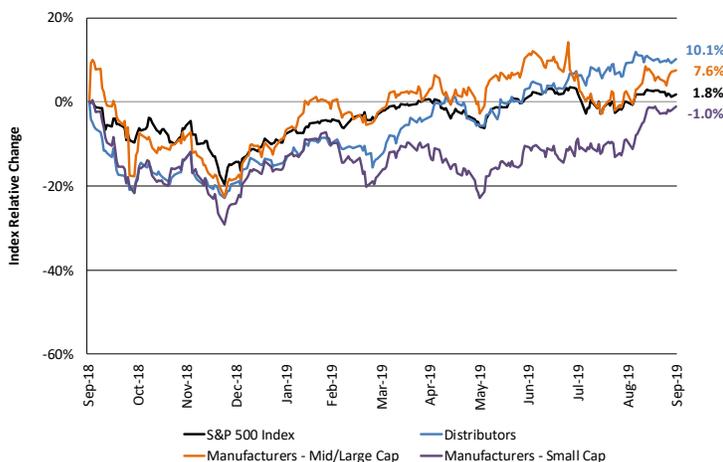


U.S. Construction Spending
(Seasonally Adjusted Annual Rate)

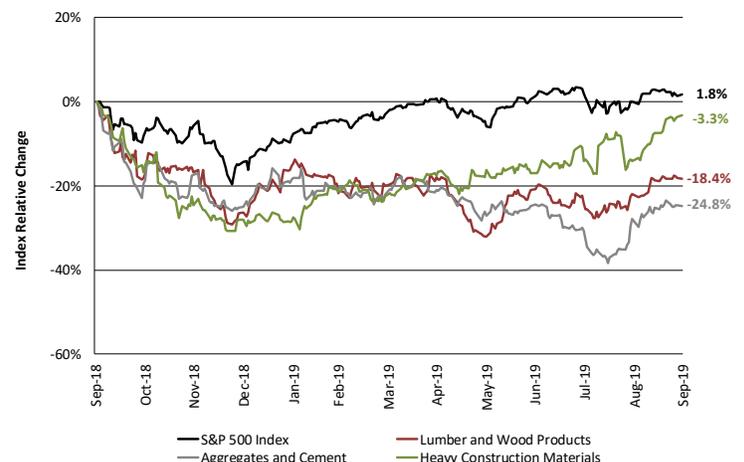


MARKET PERFORMANCE

Distributors and Manufacturers Indices vs. S&P 500



Lumber and Wood Products, Aggregates and Cement, and Heavy Construction Materials Indices vs. S&P 500



PUBLIC COMPANY VALUATION MULTIPLES (dollars in millions)

| Company | Stk. Price as a % of LTM High | Market Data | | LTM Financials | | | Multiples of Enterprise Value to | | | | |
|---|-------------------------------|-------------|------------------|----------------|---------|--------|----------------------------------|-------------|--------------|-------------|--------------|
| | | Market Cap. | Enterprise Value | Revenue | EBITDA | Margin | LTM | | 2019E | | |
| | | | | | | | Revenue | EBITDA | Revenue | EBITDA | |
| <i>Distributors</i> | | | | | | | | | | | |
| Beacon Roofing Supply, Inc. | 84% | \$2,297 | \$5,613 | \$7,011 | \$462 | 6.6% | 0.8x | 12.1x | 0.8x | 11.1x | |
| BlueLinx Holdings Inc. | 94% | 303 | 1,001 | 2,878 | 51 | 1.8% | 0.3x | 19.7x | 0.4x | 10.9x | |
| BMC Stock Holdings, Inc. | 98% | 1,746 | 2,061 | 3,622 | 243 | 6.7% | 0.6x | 8.5x | 0.6x | 8.2x | |
| Builders FirstSource, Inc. | 99% | 2,377 | 4,078 | 7,470 | 498 | 6.7% | 0.5x | 8.2x | 0.6x | 8.4x | |
| Foundation Building Materials, Inc. | 78% | 666 | 1,366 | 2,133 | 171 | 8.0% | 0.6x | 8.0x | 0.6x | 7.8x | |
| Ferguson plc | 90% | 16,670 | 18,444 | 21,572 | 1,711 | 7.9% | 0.9x | 10.8x | 0.8x | 9.9x | |
| GMS Inc. | 94% | 1,196 | 2,462 | 3,185 | 289 | 9.1% | 0.8x | 8.5x | 0.8x | 7.9x | |
| Installed Building Products, Inc. | 94% | 1,712 | 2,118 | 1,416 | 164 | 11.6% | 1.5x | 12.9x | 1.4x | 11.5x | |
| Pool Corporation | 98% | 8,052 | 8,859 | 3,073 | 357 | 11.6% | 2.9x | NM | 2.8x | NM | |
| TopBuild Corp. | 98% | 3,306 | 3,996 | 2,566 | 322 | 12.5% | 1.6x | 12.4x | 1.5x | 11.4x | |
| | | | | | | | Average | 1.0x | 11.2x | 1.0x | 9.7x |
| | | | | | | | Median | 0.8x | 10.8x | 0.8x | 9.9x |
| <i>Manufacturers - Mid/Large Cap</i> | | | | | | | | | | | |
| Armstrong World Industries, Inc. | 93% | \$4,707 | \$5,310 | \$1,014 | \$313 | 30.9% | 5.2x | 17.0x | 5.0x | 13.2x | |
| Fortune Brands Home & Security, Inc. | 94% | 7,651 | 9,971 | 5,637 | 880 | 15.6% | 1.8x | 11.3x | 1.7x | 10.7x | |
| Masco Corporation | 96% | 12,065 | 15,156 | 8,325 | 1,416 | 17.0% | 1.8x | 10.7x | 1.8x | 10.6x | |
| Mohawk Industries, Inc. | 70% | 8,952 | 12,242 | 10,021 | 1,526 | 15.2% | 1.2x | 8.0x | 1.2x | 8.1x | |
| Owens Corning | 100% | 6,876 | 10,467 | 7,127 | 1,306 | 18.3% | 1.5x | 8.0x | 1.5x | 8.2x | |
| | | | | | | | Average | 2.3x | 11.0x | 2.2x | 10.2x |
| | | | | | | | Median | 1.8x | 10.7x | 1.7x | 10.6x |
| <i>Manufacturers - Small Cap</i> | | | | | | | | | | | |
| American Woodmark Corporation | 96% | \$1,504 | \$2,179 | \$1,644 | \$234 | 14.3% | 1.3x | 9.3x | 1.3x | 8.9x | |
| Apogee Enterprises, Inc. | 83% | 1,034 | 1,287 | 1,416 | 113 | 8.0% | 0.9x | 11.4x | 0.9x | 8.1x | |
| Continental Building Products, Inc. | 71% | 947 | 1,100 | 518 | 140 | 27.1% | 2.1x | 7.8x | 2.2x | 8.5x | |
| Gibraltar Industries, Inc. | 97% | 1,480 | 1,429 | 1,011 | 114 | 11.3% | 1.4x | 12.5x | 1.4x | 11.0x | |
| Masonite International Corporation | 89% | 1,451 | 2,301 | 2,179 | 262 | 12.0% | 1.1x | 8.8x | 1.1x | 8.1x | |
| Quanex Building Products Corporation | 93% | 595 | 777 | 898 | 90 | 10.0% | 0.9x | 8.6x | 0.9x | 7.6x | |
| Simpson Manufacturing Co., Inc. | 94% | 3,099 | 2,994 | 1,090 | 198 | 18.2% | 2.7x | 15.1x | 2.7x | 14.3x | |
| Trex Company, Inc. | 99% | 5,313 | 5,250 | 692 | 172 | 24.8% | 7.6x | NM | 7.0x | NM | |
| | | | | | | | Average | 2.3x | 10.5x | 2.2x | 9.5x |
| | | | | | | | Median | 1.4x | 9.3x | 1.3x | 8.5x |
| <i>Lumber and Wood Products</i> | | | | | | | | | | | |
| Boise Cascade Company | 87% | \$1,270 | \$1,600 | \$4,676 | \$176 | 3.8% | 0.3x | 9.1x | 0.3x | 7.9x | |
| Canfor Corporation | 63% | 1,469 | 2,600 | 3,680 | 245 | 6.7% | 0.7x | 10.6x | 0.7x | NM | |
| Louisiana-Pacific Corporation | 91% | 2,930 | 2,968 | 2,496 | 364 | 14.6% | 1.2x | 8.2x | 1.3x | 12.8x | |
| Norbord Inc. | 72% | 1,959 | 2,629 | 2,064 | 349 | 16.9% | 1.3x | 7.5x | 1.4x | 15.9x | |
| Universal Forest Products, Inc. | 93% | 2,447 | 2,709 | 4,456 | 289 | 6.5% | 0.6x | 9.4x | 0.6x | 8.9x | |
| West Fraser Timber Co. Ltd. | 66% | 2,749 | 3,432 | 4,188 | 425 | 10.1% | 0.8x | 8.1x | 0.9x | NM | |
| Weyerhaeuser Company | 86% | 20,635 | 27,185 | 6,881 | 1,376 | 20.0% | 4.0x | 19.8x | 4.1x | 19.3x | |
| | | | | | | | Average | 1.3x | 10.4x | 1.3x | 13.0x |
| | | | | | | | Median | 0.8x | 9.1x | 0.9x | 12.8x |
| <i>Aggregates and Cement</i> | | | | | | | | | | | |
| CEMEX, S.A.B. de C.V. | 57% | \$5,847 | \$17,619 | \$14,130 | \$2,292 | 16.2% | 1.2x | 7.7x | 1.3x | 6.9x | |
| CRH plc | 97% | 27,340 | 39,179 | 31,933 | 4,081 | 12.8% | 1.2x | 9.6x | 1.2x | 8.7x | |
| Eagle Materials Inc. | 97% | 3,782 | 4,708 | 1,370 | 380 | 27.8% | 3.4x | 12.4x | 3.4x | 11.2x | |
| HeidelbergCement AG | 90% | 14,348 | 27,355 | 21,531 | 3,336 | 15.5% | 1.3x | 8.2x | 1.3x | 7.0x | |
| LafargeHolcim Ltd | 91% | 29,794 | 45,414 | 27,929 | 5,932 | 21.2% | 1.6x | 7.7x | 1.7x | 6.9x | |
| Martin Marietta Materials, Inc. | 99% | 17,115 | 20,681 | 4,173 | 1,115 | 26.7% | 5.0x | 18.6x | 4.5x | 16.4x | |
| Vulcan Materials Company | 99% | 20,007 | 23,328 | 4,652 | 1,178 | 25.3% | 5.0x | 19.8x | 4.8x | 17.9x | |
| | | | | | | | Average | 2.7x | 12.0x | 2.6x | 10.7x |
| | | | | | | | Median | 1.6x | 9.6x | 1.7x | 8.7x |
| <i>Heavy Construction Materials</i> | | | | | | | | | | | |
| Boral Limited | 68% | \$3,819 | \$5,296 | \$4,067 | \$645 | 15.9% | 1.3x | 8.2x | 1.3x | 7.2x | |
| James Hardie Industries plc | 99% | 7,423 | 8,664 | 2,512 | 548 | 21.8% | 3.4x | 15.8x | 3.4x | 14.9x | |
| U.S. Concrete, Inc. | 99% | 903 | 1,695 | 1,475 | 154 | 10.5% | 1.1x | 11.0x | 1.1x | 8.6x | |
| | | | | | | | Average | 2.0x | 11.7x | 1.9x | 10.3x |
| | | | | | | | Median | 1.3x | 11.0x | 1.3x | 8.6x |

SELECTED M&A TRANSACTIONS

| Date Announce | Target | Acquirer | Target Business Description | Deal Size (\$ in mm) |
|---------------|---|--|---|----------------------|
| 09/27/19 | Keystone Cement Plant of Giant Cement Company | Lehigh Hanson (HeidelbergCement AG) | Manufacturer of cement | - |
| 09/27/19 | Pasek Corporation | DH Pace Company | Distributes and installs door hardware, security, and access control systems | - |
| 09/19/19 | Bel Shower Door Corporation | Denver Glass Interiors (backed by Bay Capital Investment Partners) | Manufactures custom shower and tub enclosures, as well as custom mirrors and custom glass for builders and homeowners | - |
| 09/19/19 | Braintree Lumber Company | Timberline Enterprises | Distributes lumber and building materials | - |
| 09/16/19 | PMC Building Materials | Randall Brothers | Distributes lumber, roofing, siding, doors, windows, and other building products | - |
| 09/13/19 | Collins Pipe & Supply Co. | F. W. Webb Co. | Distributes engineered specialties, pipe, valves and fittings | - |
| 09/12/19 | Todd Pipe & Supply | MORSCO (Reece Group) | Distributes plumbing supplies | 160 |
| 09/11/19 | The Luminaires Group | Acuity Brands | Provides specification-grade luminaires for commercial, institutional, hospitality and municipal markets | - |
| 09/09/19 | Mike's Flooring Companies | Interior Logic Group | Distributes flooring such as carpets, hardwood flooring, vinyls, and laminates for commercial and residential markets | - |
| 09/09/19 | Schultz Roofing Supply Company | SRS Distribution | Distributes roofing products and accessories, siding, windows, and other complementary products | - |
| 09/06/19 | Standard Gravel Company | StonePoint Materials (backed by Sun Capital Partners) | Produces sand and gravel | - |
| 09/05/19 | Contractor's Truss Systems | American Construction Source | Provides engineered wood products for residential, commercial, agricultural, and industrial construction | - |
| 09/05/19 | Heritage One Door & Carpentry | BMC Stock Holdings | Supplier of pre-hung doors, millwork, hardware, and finish carpentry services | - |
| 08/30/19 | Ruby Concrete Company | Wright Concrete & Construction | Manufactures brick and mortar | - |
| 08/29/19 | WindowMaster Clearline | WindowMaster Control Systems | Manufactures window automation products, including window actuators, and window control systems | - |
| 08/26/19 | Travis Roofing Supply | SRS Distribution | Distributes residential and commercial roofing products | - |
| 08/23/19 | Sioux City Brick & Tile Company | Brickworks Limited | Manufactures architectural clay bricks | - |
| 08/22/19 | Barrett Roofs | Keene Building Products | Manufactures asphalt roofing and waterproofing products and systems | - |
| 08/22/19 | Silver-Line Plastics Corporation | IPEX USA | Manufactures PVC pipe products for plumbing and other applications | - |
| 08/22/19 | Prime-Line | Arauco North America (Celulosa Arauco y Constitución S.A.) | Manufactures medium and light density fiberboards, moulding, doors, and millwork products | - |
| 08/21/19 | Acoustical & Tackable Surfaces | Sound Seal | Manufactures acoustical wall and ceiling panels | - |
| 08/20/19 | Oklahoma City branch of Hunton Distribution | O'Connor Co. | Distributes HVAC equipment | - |

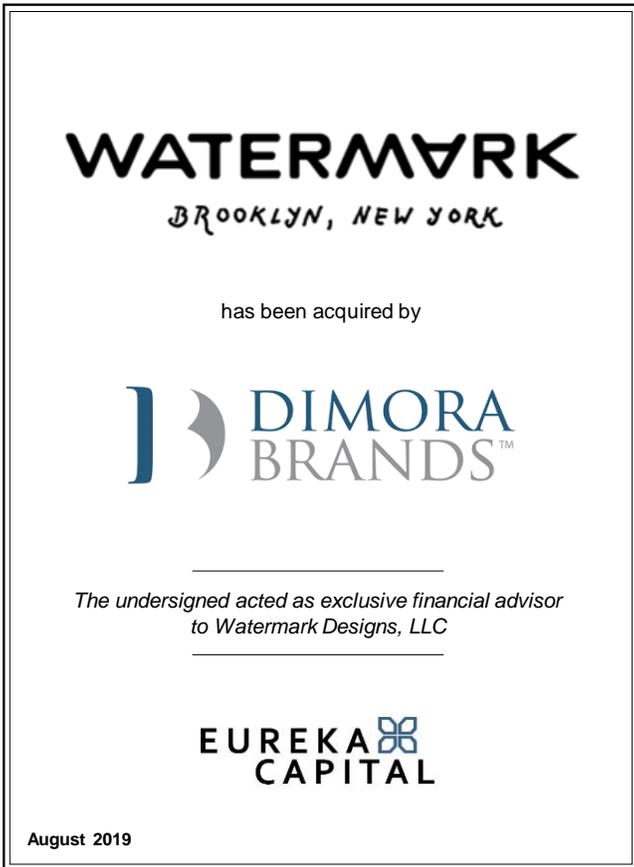
Source: S&P Capital IQ, Company Public Filings, and Press Releases

SELECTED M&A TRANSACTIONS

| Date Announce | Target | Acquirer | Target Business Description | Deal Size (\$ in mm) |
|---------------|---|--|--|----------------------|
| 08/15/19 | Allen & Allen Company | TRTF Community House | Distributes building materials, including lumber, millwork, decorative and plumbing hardware, doors, and windows | - |
| 08/14/19 | Assets of Northwest Painting, Northwest Factory Finishes, and Pacific Northwest Factory | Universal Forest Products | Manufactures pre-painted building materials | - |
| 08/14/19 | Technistone | Wilsonart Engineered Surfaces | Manufactures quartz stone | - |
| 08/12/19 | DecorPlanet.com | Renovation Brands | Distributes home and bathroom building products | - |
| 08/06/19 | Majestic Stone | Horizon Stone | Manufactures stone products | - |
| 08/05/19 | Abbotsford Concrete Products | Oldcastle APG | Manufactures interlocking pavingstones and segmental retaining wall systems | - |
| 08/02/19 | Watermark Designs | Dimora Brands (backed by The Jordan Company) | Manufactures luxury faucets and bathroom accessories | - |
| 08/01/19 | Kingston Lumber Supply Company | BMC Stock Holdings | Distributes building materials to custom builders and professional remodelers | - |
| 08/01/19 | Certain Assets and Operations of Sun State Components | Builders FirstSource | Manufactures roof and floor trusses | - |
| 08/01/19 | Western Access Controls | U.S. Fence Solutions | Designer and installer of automated gate and access control systems | - |
| 08/01/19 | Builders Alliance | Kodiak Building Partners | Traditional pro-oriented lumberyard | - |
| 07/31/19 | Peirce-Phelps | Watsco | Distributes residential and commercial HVAC equipment made by Carrier | - |
| 07/31/19 | Action Plumbing Supply | Ferguson | Distributes pipes, valves, and fittings | - |
| 07/31/19 | Innovative Soil Solutions | Ferguson | Provides erosion-control solutions and geosynthetics | - |
| 07/29/19 | Normac | Heritage Landscape Supply Group | Distributes irrigation and landscape supplies | - |
| 07/23/19 | Engineered Specialties | Pfingsten Partners | Manufactures air piping systems | - |
| 07/12/19 | Slover Roofing Supply Corp. | SRS Distribution | Distributes residential and commercial roofing products and accessories | - |
| 07/09/19 | South Bay Lumber | Fulcrum Building Group (backed by Silver Canyon Group) | Provides lumber, hardware and painting materials | - |
| 07/09/19 | Navarre Lumber | Fulcrum Building Group (backed by Silver Canyon Group) | Provides lumber, construction, and residential home improvement equipment and supplies | - |
| 07/05/19 | Total Trim Construction | Homewood Holdings | Distributes and installs interior trim, molding, and doors | - |
| 07/01/19 | Custom Choice Door | Homewood Holdings | Provides full-service door and millwork supplier services | - |

Source: S&P Capital IQ, Company Public Filings, and Press Releases

EUREKA ADVISES WATERMARK DESIGNS ON ITS SALE TO DIMORA BRANDS



Eureka Capital Markets, LLC (“Eureka”) is pleased to announce the sale of Watermark Designs, LLC (“Watermark” or the “Company”), a leading manufacturer of luxury faucets and bath fixtures, to Dimora Brands (“Dimora”), a portfolio company of The Jordan Company.

For more than three decades, Watermark has been making decorative plumbing fixtures, bathroom accessories, grab bars, shower drains, and elegant hardware for the luxury commercial and residential markets. Based in the independent design hub of Brooklyn, New York, Watermark’s products are a reflection of the creative melting-pot from which the company hails.

Combining sustainable product design with an eye towards architectural detail, Watermark has worked with leading architects and designers in the United States and internationally. The Company’s elite collections have been incorporated into some of the world’s most exclusive residences, hotels and high-rises including the Ritz-Carlton in Shanghai, the Nomad Hotel in New York, and The Eden Roc Hotel in Miami Beach.

Dimora is a designer, distributor and manufacturer of decorative hardware, functional hardware and other products for the kitchen and bath industries. Its luxury brands include Top Knobs, Vesta Fine Hardware and Hardware Resources. Watermark complements Dimora’s recent acquisition of Water Street Brass and establishes a suite of luxury offerings across cabinet and door hardware as well as plumbing fixtures.

Eureka advised Watermark during all phases of the transaction, including the positioning of the business, deal structuring and negotiations.

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