



PCE Industry Report

Building Products & Construction





Middle Market M&A Summary

2nd Quarter 2015

Building Products & Construction

Key Highlights

- The average value of the top ten transactions was \$51.3mm.
 - The largest transaction was the acquisition of Norcraft Companies, Inc. by Fortune Brands Home & Supply for \$602 million.
 - The smallest transaction was the acquisition of DuBrook Concrete, Inc. by U.S. Concrete, Inc for \$11.5 million.
- The public company industry median TEV/EBIT multiple is 17.5x.
- The public company industry median TEV/EBITDA multiple is 11.5x.

Key Trends

- The Homebuilding subsector's transaction volume is trending positively. The Construction Materials and Building Products subsectors are trending neutrally while the Construction & Engineering subsector is trending negatively.
- The Construction & Engineering subsector's transaction volume was the largest at 66% of the industry over the past quarter.
- Large industry players with opportunities for consolidation have boosted industry transaction volume. It has been steadily increasing since the 2008 recession.
- Margins in construction were impacted positively by the industry's reliance on subcontractors, in spite of fluctuating demand. At the same time, rising costs of construction materials, pitted against weak demand, have prevented profit margins from expanding significantly.

Sources: S&P Capital IQ, IBIS World, & PCE Proprietary Data

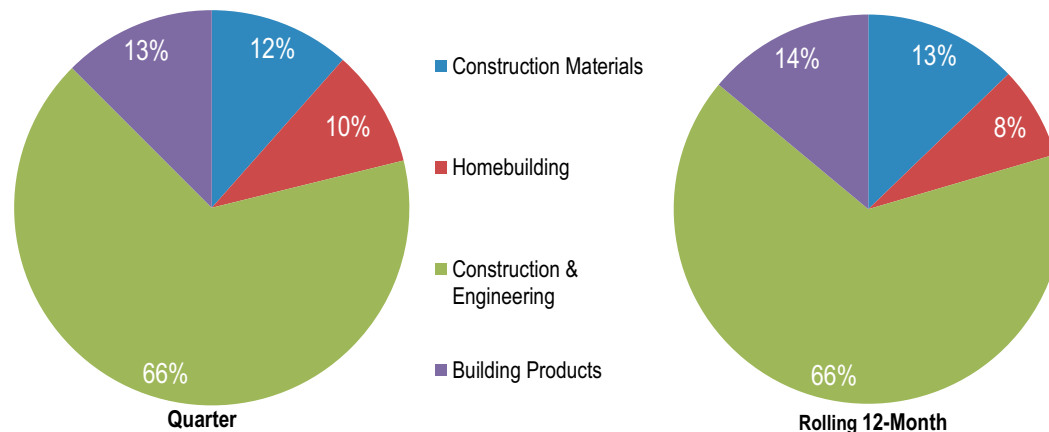
Building Products & Construction - For the Quarter Ended 06/30/15

Industry Trends During Quarter

| Sector | Transaction Volume | TEV/ Revenue | TEV/EBITDA |
|----------------------------|--------------------|--------------|------------|
| Construction Materials | → | ↑ | ↓ |
| Homebuilding | ↑ | ↓ | ↑ |
| Construction & Engineering | ↓ | ↑ | ↑ |
| Building Products | → | ↑ | ↓ |

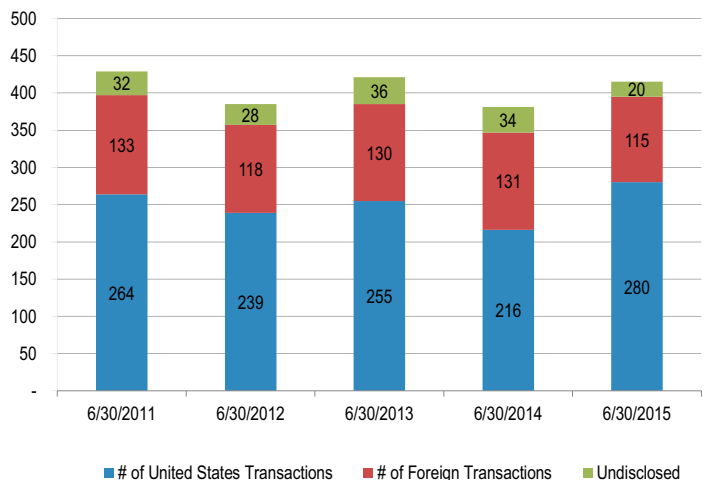
* Based on transactions with reported financial data only; historically ~ 30% to 40% of transactions report financial data

Transaction Volume as % of Industry



Rolling 12-Month

Transaction Volume Trends by Buyer Origin



Largest Transactions Closed During Quarter by Transaction Value (\$ in millions)

| Sector | Target | Buyer | Transaction Value |
|----------------------------|--|---|-------------------|
| Building Products | Norcraft Companies, Inc. | Fortune Brands Home & Security, Inc. | \$601.6 |
| Homebuilding | Portfolio of Seven Manufactured Housing Communities | Sun Communities Operating Limited Partnership | \$256.2 |
| Construction & Engineering | CIG Wireless Corp. | Vertical Bridge Holdings, LLC | \$149.0 |
| Construction & Engineering | Rough Brothers Manufacturing, Inc. and RBI Solar, Inc. and Delta T | Gibraltar Industries, Inc. | \$130.0 |
| Homebuilding | Pacific Ridge Homes | DR Horton Inc. | \$72.0 |
| Homebuilding | JEH Homes, LLC | Taylor Morrison Home Corporation | \$65.0 |
| Construction Materials | Ferrara Brothers Building Materials Corp. | U.S. Concrete, Inc. | \$60.0 |
| Construction Materials | A Leading Cement Terminal in Puerto Rico | Cementos Argos S.A.; Putney Capital Management, LLC | \$34.0 |
| Construction & Engineering | CTS Services and Facility Support Services | ABM Industries Incorporated | \$20.0 |
| Construction Materials | DuBROOK Concrete, Inc. | U.S. Concrete, Inc. | \$11.5 |

Source: S&P Capital IQ as of 7/17/2015 and PCE Proprietary Data

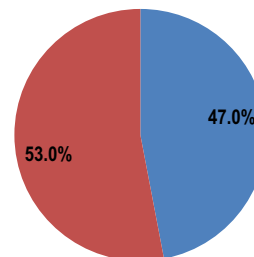
Construction Materials - For the Quarter Ended 06/30/15

Summary of Sector Transactions During Quarter (\$ in millions)

| | |
|--|----------|
| Number of Transactions in Sector | 12 |
| Number of Transactions with Disclosed Values | 4 |
| Transaction Value* | \$113.20 |
| Average Transaction Value* | \$28.30 |
| Median Transaction Value* | \$22.75 |

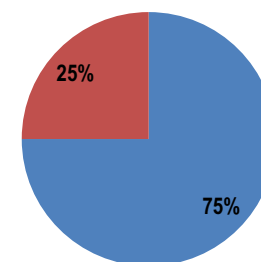
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Transactions by Value & Volume



% Transaction Value During Quarter

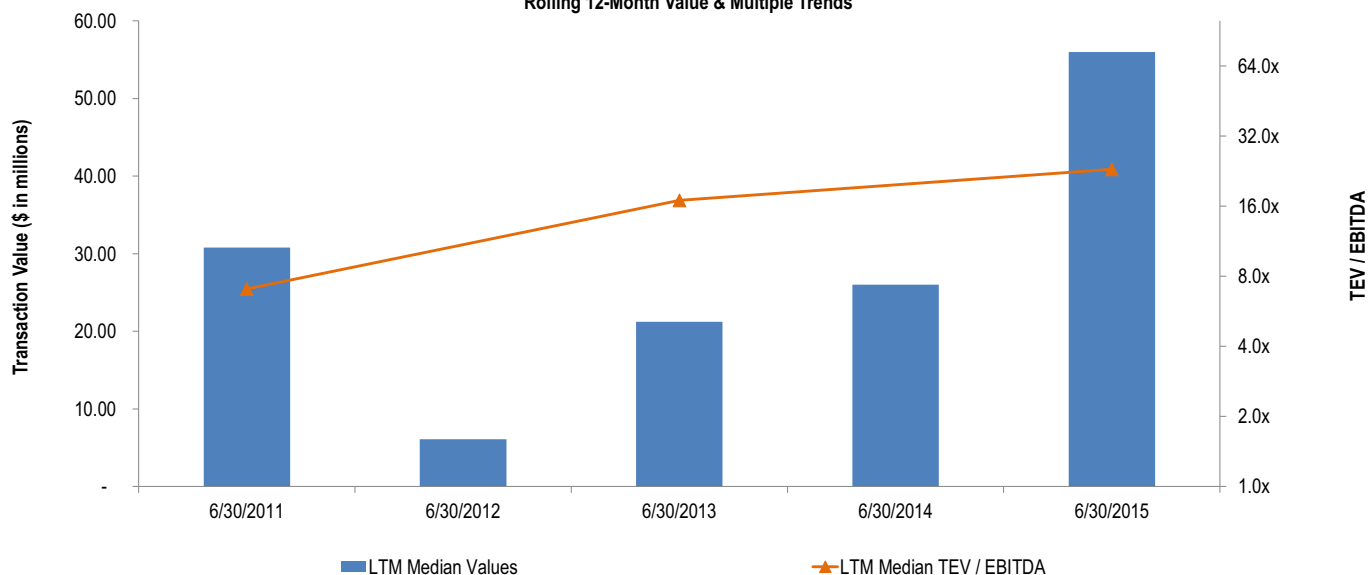
- Transactions <\$50MM
- Transactions \$50MM - \$100MM
- Transactions \$100MM - \$150MM
- Transactions \$150MM - \$200MM
- Transactions \$200MM - \$250MM
- Transactions > \$250MM



% Transaction Volume During Quarter

Private Sector Value & EBITDA Multiple Trends

Rolling 12-Month Value & Multiple Trends



Source: S&P Capital IQ as of 7/17/2015 and PCE Proprietary Data

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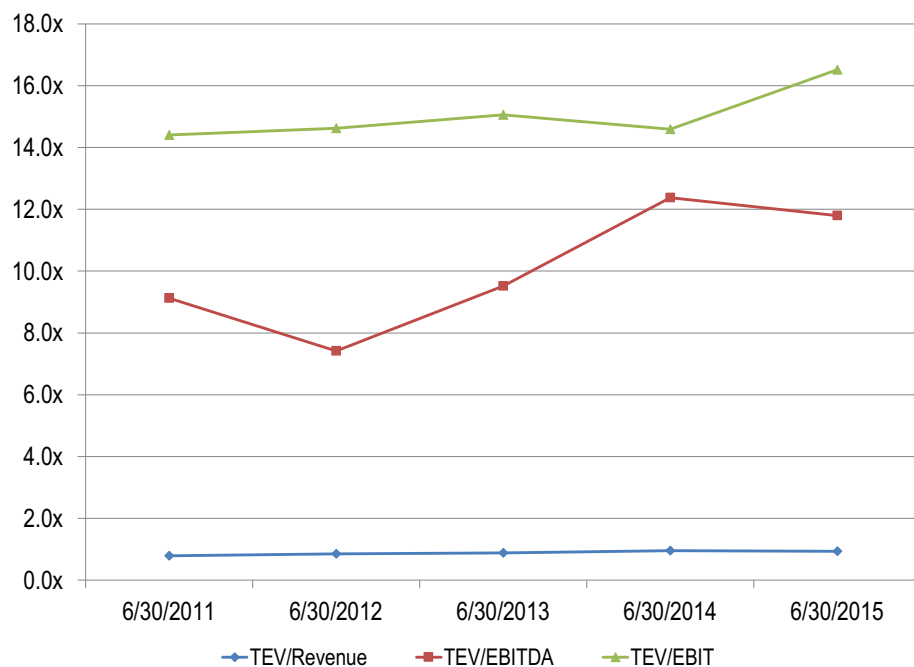
Construction Materials - For the Quarter Ended 06/30/15

Summary of Public Comparables as of Quarter End (\$ in millions)

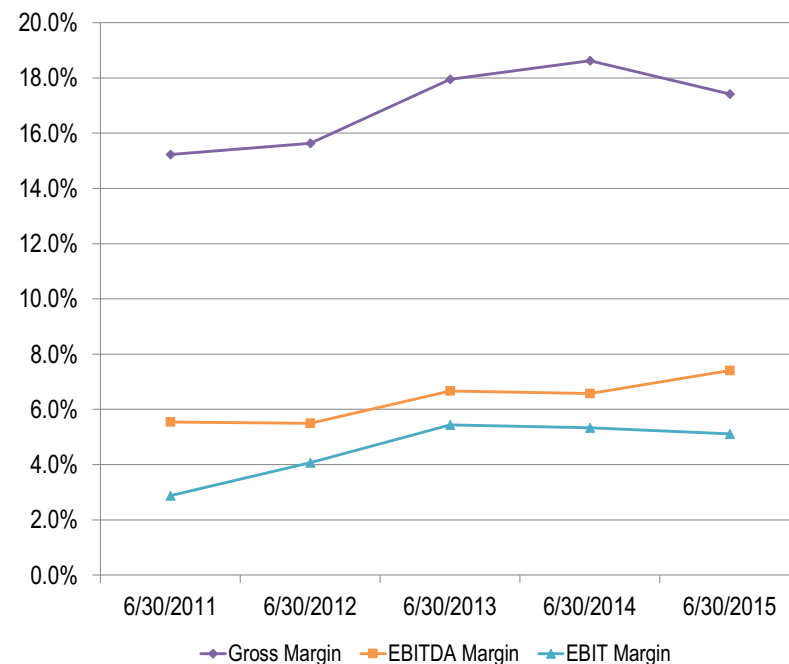
| TEV | | | | | LTM 6/30/2015 Trends |
|------------|---------|--------|-------|-------|----------------------|
| Market Cap | Revenue | EBITDA | EBIT | | |
| Average | \$3,962 | 2.7x | 13.1x | 23.0x | TEV/Revenue ↓ |
| Median | \$1,317 | 2.2x | 12.5x | 21.4x | TEV/EBITDA ↓ |
| | | | | | TEV/EBIT ↑ |

| Margins | | | | LTM 6/30/2015 Trends |
|--------------|--------|-------|-------|----------------------|
| Gross Profit | EBITDA | EBIT | | |
| Average | 24.8% | 19.7% | 12.0% | Gross Margin ↓ |
| Median | 23.8% | 20.4% | 11.4% | EBITDA Margin ↑ |
| | | | | EBIT Margin ↓ |

Valuation Trends



Margin Trends



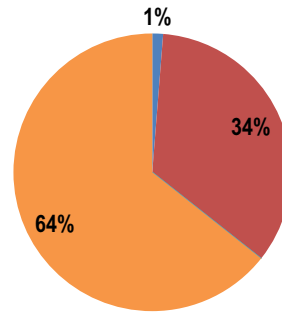
Source: S&P Capital IQ as of 7/17/2015 and PCE Proprietary Data

Homebuilding - For the Quarter Ended 06/30/15

Summary of Sector Transactions During Quarter (\$ in millions)

| | |
|--|----------|
| Number of Transactions in Sector | 10 |
| Number of Transactions with Disclosed Values | 4 |
| Transaction Value* | \$398.18 |
| Average Transaction Value* | \$99.55 |
| Median Transaction Value* | \$68.50 |

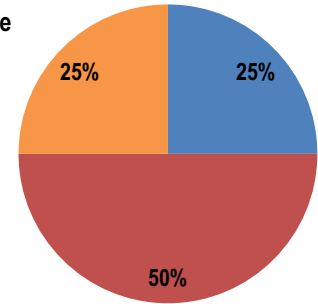
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% Transaction Value During Quarter

Transactions by Value & Volume

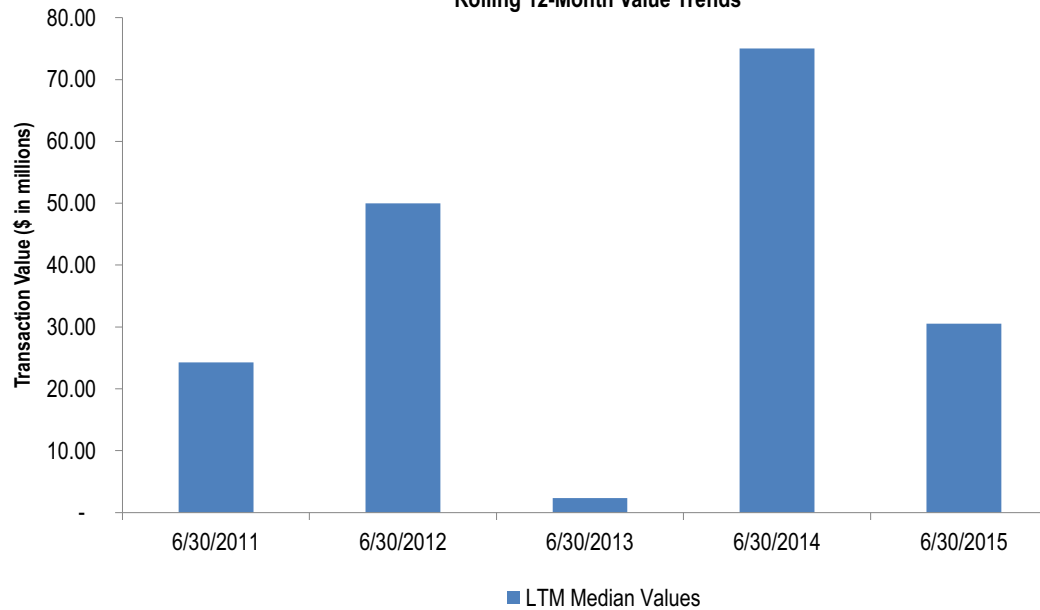
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% Transaction Volume During Quarter

Private Sector Value Trends

Rolling 12-Month Value Trends



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Source: S&P Capital IQ as of 7/17/2015 and PCE Proprietary Data

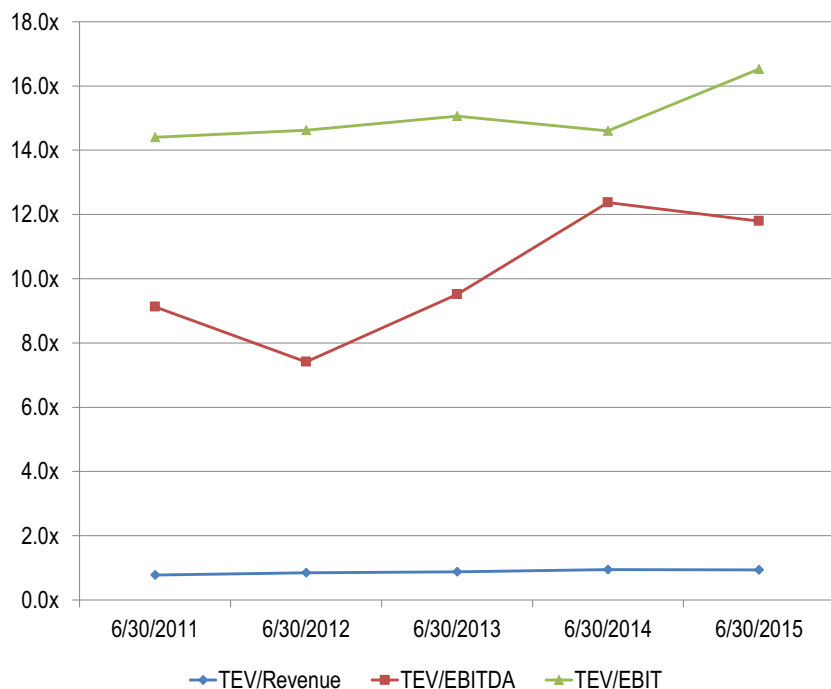
Homebuilding - For the Quarter Ended 06/30/15

Summary of Public Comparables as of Quarter End (\$ in millions)

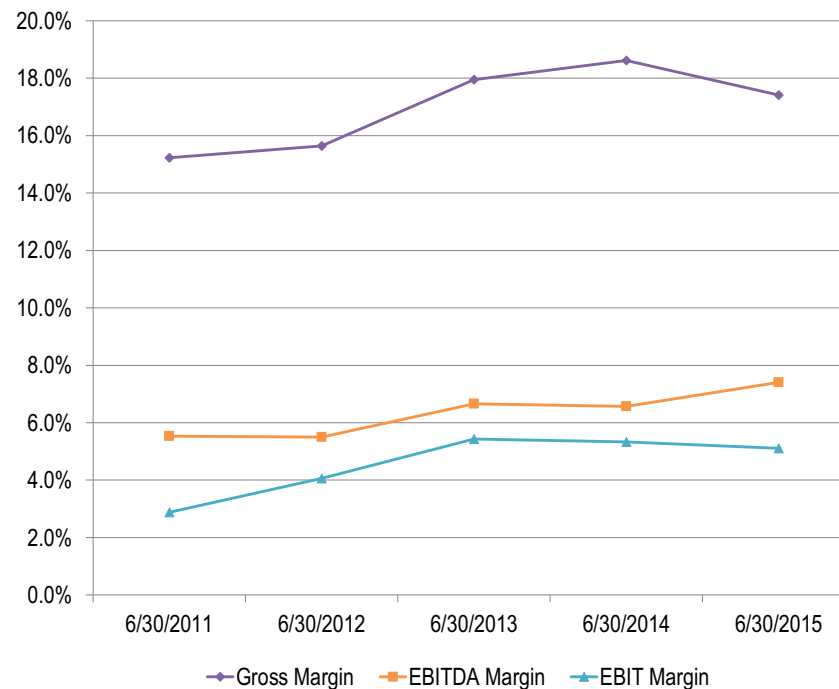
| | TEV | | | | LTM 6/30/2015 Trends | |
|---------|------------|---------|--------|-------|----------------------|---|
| | Market Cap | Revenue | EBITDA | EBIT | | |
| Average | \$1,909 | 1.0x | 15.4x | 21.6x | TEV/Revenue | ↓ |
| Median | \$686 | 0.9x | 11.8x | 16.5x | TEV/EBITDA | ↓ |
| | | | | | TEV/EBIT | ↑ |

| | Margins | | | LTM 6/30/2015 Trends | |
|---------|--------------|--------|------|----------------------|---|
| | Gross Profit | EBITDA | EBIT | | |
| Average | 17.1% | 5.9% | 3.9% | Gross Margin | ↓ |
| Median | 17.4% | 7.4% | 5.1% | EBITDA Margin | ↑ |
| | | | | EBIT Margin | ↓ |

Valuation Trends



Margin Trends



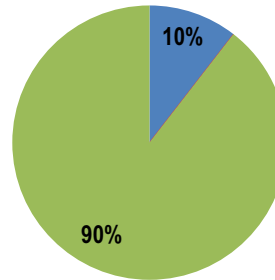
Source: S&P Capital IQ as of 7/17/2015 and PCE Proprietary Data

Construction & Engineering - For the Quarter Ended 06/30/15

Summary of Sector Transactions During Quarter (\$ in millions)

| | |
|--|----------|
| Number of Transactions in Sector | 69 |
| Number of Transactions with Disclosed Values | 5 |
| Transaction Value* | \$311.70 |
| Average Transaction Value* | \$62.34 |
| Median Transaction Value* | \$20.00 |

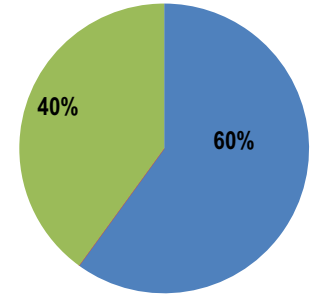
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% Transaction Value During Quarter

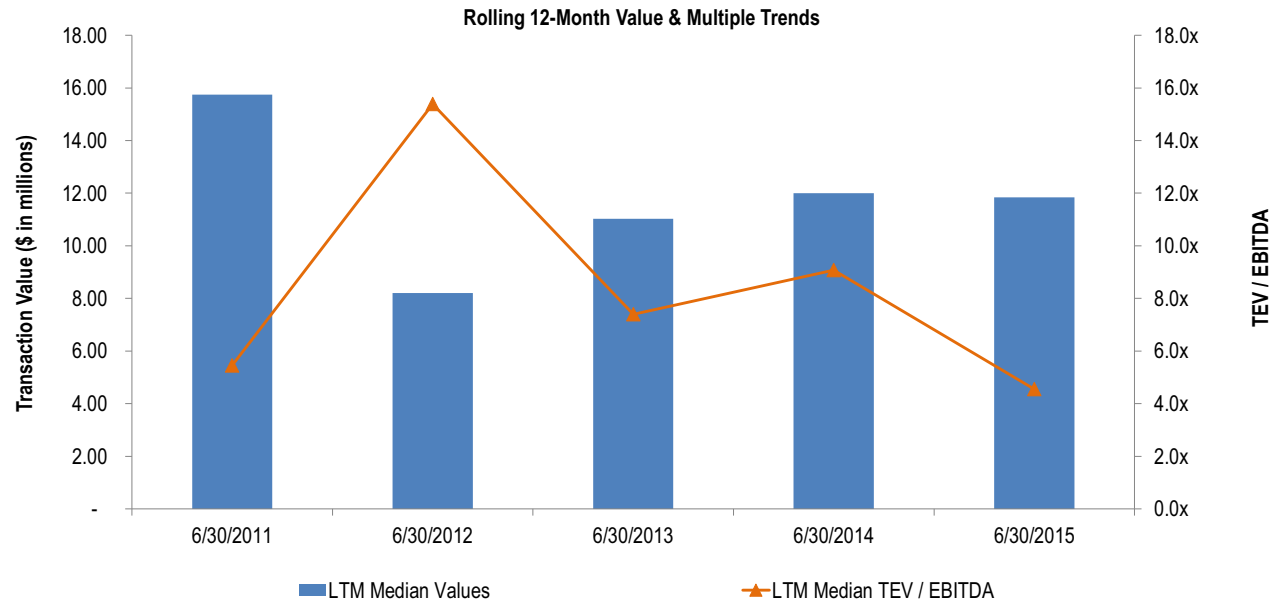
Transactions by Value & Volume

- Transactions <\$50MM
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% Transaction Volume During Quarter

Private Sector Value and EBITDA Multiple Trends



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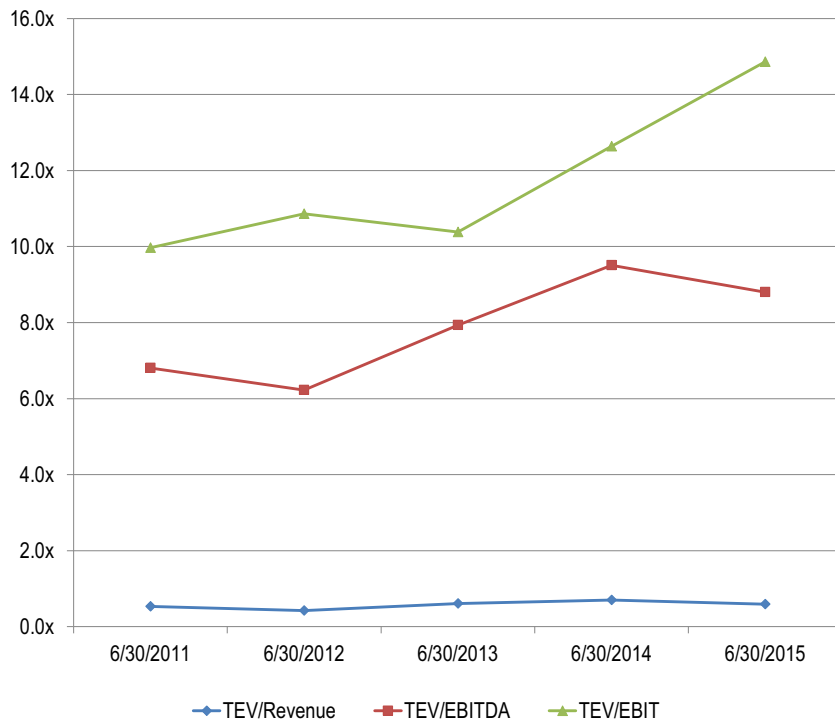
Construction & Engineering - For the Quarter Ended 06/30/15

Summary of Public Comparables as of Quarter End (\$ in millions)

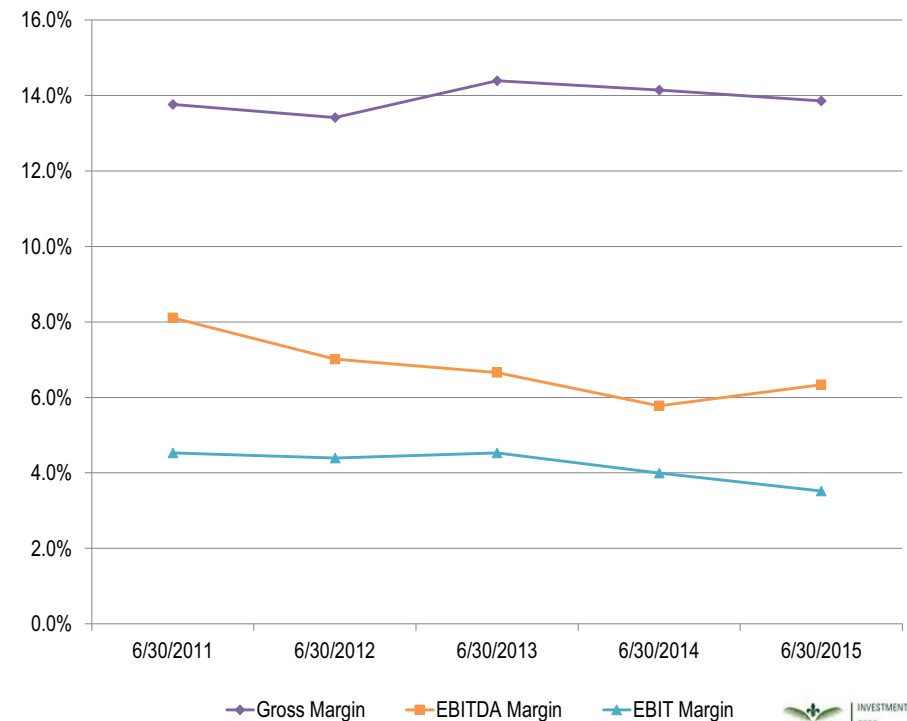
| TEV | | | | | LTM 6/30/2015 Trends | |
|---------|------------|---------|--------|-------|----------------------|---|
| | Market Cap | Revenue | EBITDA | EBIT | | |
| Average | \$1,550 | 0.7x | 10.5x | 20.4x | TEV/Revenue | ↓ |
| Median | \$640 | 0.6x | 8.8x | 14.9x | TEV/EBITDA | ↓ |
| | | | | | TEV/EBIT | ↑ |

| Margins | | | | LTM 6/30/2015 Trends | |
|---------|--------------|--------|------|----------------------|---|
| | Gross Profit | EBITDA | EBIT | | |
| Average | 14.1% | 4.0% | 0.7% | Gross Margin | ↓ |
| Median | 13.9% | 6.3% | 3.5% | EBITDA Margin | ↑ |
| | | | | EBIT Margin | ↓ |

Valuation Trends



Margin Trends

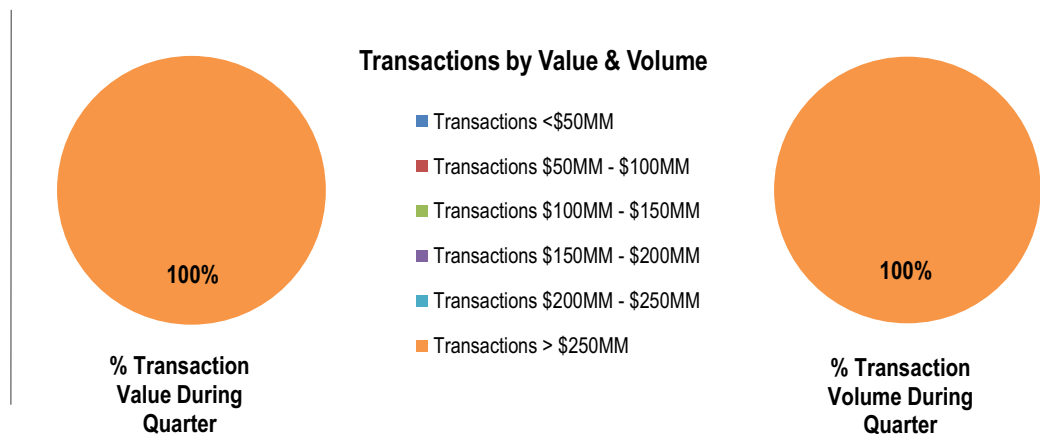


Building Products - For the Quarter Ended 06/30/15

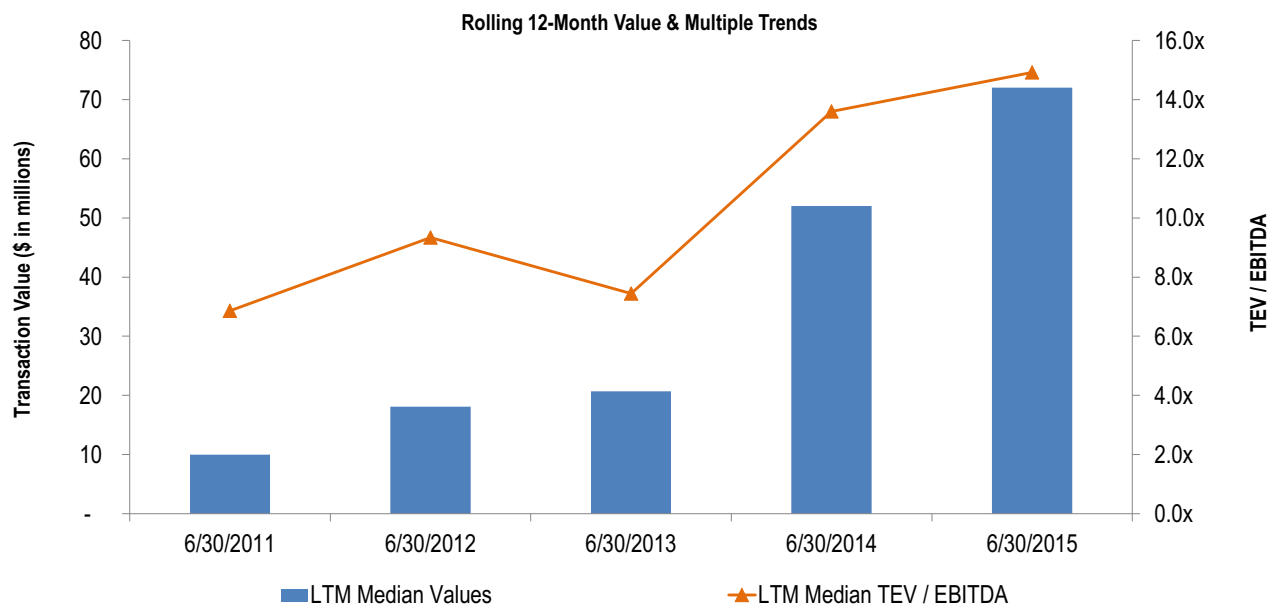
Summary of Sector Transactions During Quarter (\$ in millions)

| | |
|--|----------|
| Number of Transactions in Sector | 13 |
| Number of Transactions with Disclosed Values | 1 |
| Transaction Value* | \$601.63 |
| Average Transaction Value* | \$601.63 |
| Median Transaction Value* | \$601.63 |

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Private Sector Value and EBITDA Multiple Trends



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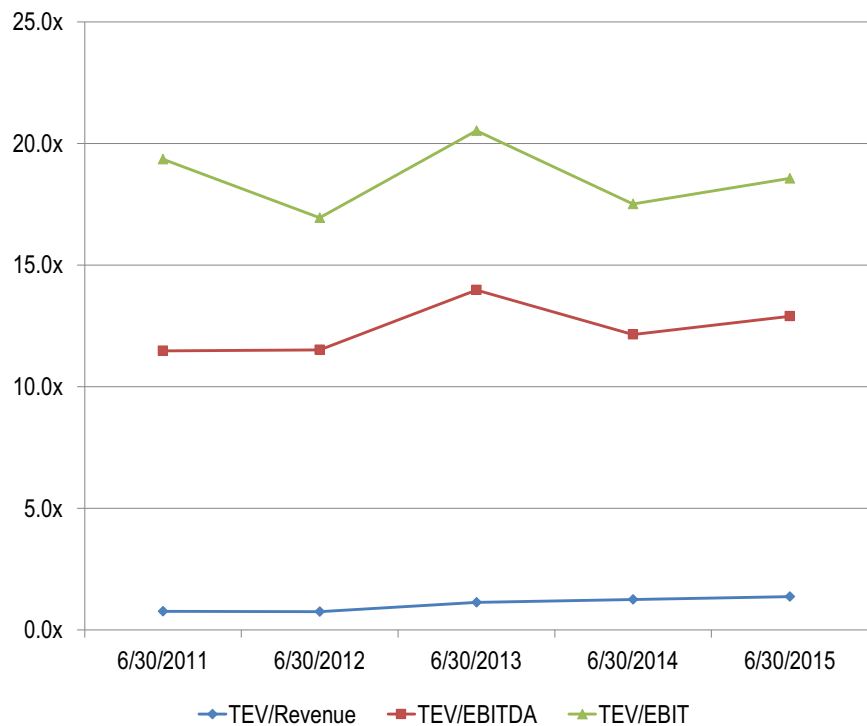
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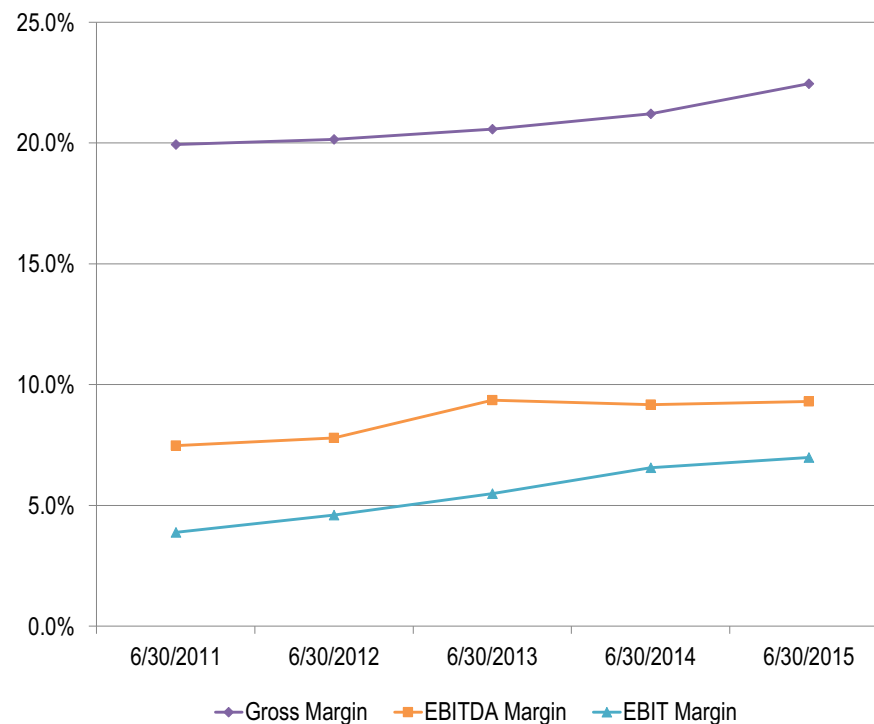
| | TEV | | | | LTM 6/30/2015 Trends |
|---------|------------|---------|--------|-------|--|
| | Market Cap | Revenue | EBITDA | EBIT | |
| Average | \$2,057 | 1.6x | 14.2x | 20.9x | TEV/Revenue ↑ |
| Median | \$1,232 | 1.4x | 12.9x | 18.6x | TEV/EBITDA ↑ |
| | | | | | TEV/EBIT ↓ |

| | Margins | | | LTM 6/30/2015 Trends |
|---------|--------------|--------|------|--|
| | Gross Profit | EBITDA | EBIT | |
| Average | 23.9% | 10.2% | 7.0% | Gross Margin ↓ |
| Median | 22.5% | 9.3% | 7.0% | EBITDA Margin ↓ |
| | | | | EBIT Margin ↓ |

Valuation Trends



Margin Trends



Source: S&P Capital IQ as of 7/17/2015 and PCE Proprietary Data

Data Assumptions

At PCE, we consider transaction activity as mergers & acquisitions, consolidations, restructurings and spin-offs. Targets are defined as U.S. based companies with either foreign or U.S. based buyers. Transaction information provided is based on announced dates.

Glossary

EBIT - Earnings Before Interest and Taxes

EBITDA - Earnings Before Interest, Taxes, Depreciation, Amortization

LTM - Last Twelve Months

TEV - Total Enterprise Value



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About PCE

Eighteen years ago, PCE was formed to provide professional investment banking, business valuation and advisory services to middle market companies. We determined from our experience as business owners that there was a need that was not being professionally fulfilled.

We understand the importance of creating a relationship and the value of trust when providing our services. PCE's professionals are successful business owner, entrepreneurs, lenders, former Federal Reserve board members, CPA's, CFA's, national & international valuation experts, international analysts and investors. PCE offers senior level attention, sound advice, skilled execution and personalized attention you can trust.

Our mission is to be the premier investment bank serving middle market companies. PCE is committed to providing individualized strategies throughout your business life-cycle, focused on maximizing shareholder value.

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