



CIBC CLEARY GULL

# BUILDING PRODUCTS & MATERIALS NEWSLETTER

Spring 2022



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# Opening remarks

We at CIBC are pleased to present the inaugural Building Products and Materials industry update. CIBC has a long history of serving clients in the building products and materials industry. Our considerable experience in the industry includes a broad range of products, business models, and clients across North America.

This report provides analysis and commentary regarding trends and transaction activity taking place in the industry. We also provide insights on how buyers and sellers are navigating M&A processes in the face of rapid inflation, supply chain chaos, and geopolitical uncertainty.

Please contact us if you want to learn about our M&A expertise and perspective on current industry trends.

## Building Products & Materials industry team



Patrick Bremmer  
Managing Director  
CIBC Cleary Gull  
414 291-4548  
[patrick.bremmer@cibc.com](mailto:patrick.bremmer@cibc.com)



Christopher Larsen  
Executive Director  
CIBC Cleary Gull  
414 291-4547  
[christopher.larsen@cibc.com](mailto:christopher.larsen@cibc.com)





Milad Hosseini  
Analyst  
CIBC Cleary Gull  
414 291-4556  
[milad.hosseini@cibc.com](mailto:milad.hosseini@cibc.com)



## Recent CIBC Building Products & Materials transactions



Building Products

  
has been acquired by  


  
has been acquired by  


  
has been acquired by  


  
has been acquired by  


  
has been acquired by  








Construction Materials

  
has agreed to sell its  
U.S. Sawmills  


  
C\$200 million RCF  
C\$5 million  
Revolving Credit  
Facility

  
has agreed to sell  
the assets of  
  
to  




  
a portfolio  
company of  
VALIDOR CAPITAL  
has been acquired by  


  
has been acquired by  





Distribution & Services

  
has been acquired by  


  
has acquired  


  
has sold its  
Water Products  
Division to  


  
a division of  
U.S. Venture, Inc.  
has been acquired by  


  
a portfolio company of  
  
has been acquired by  
  
a portfolio company of  
LITTLEJOHN & CO. LLC

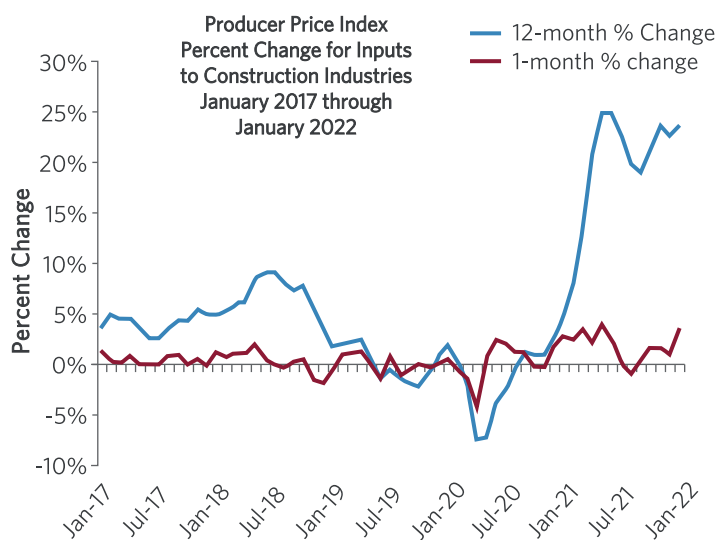
# Industry observations

A robust M&A environment in 2021 generated the highest transaction volume in five years in the building products and materials industry, according to Capital IQ. We see continued demand for transactions, but deal-making headwinds have developed in 2022 in the form of uncertainty regarding Russia's invasion of Ukraine, ongoing supply chain challenges, and record-breaking inflationary pressures. History tells us that when buyers and sellers have differing or uncertain views of the future (i.e., abovementioned uncertainties), deal-making becomes more challenging and, subsequently, results in fewer closed transactions. Despite the uncertainties, buyers remain flush with record amounts of equity and cash and lenders are eager to provide financing which leads to continued demand for deal-making.

Building products and materials manufacturers have their fair share of challenges fulfilling demand across the building and construction industry. Anecdotally, most clients and industry participants tell us demand remains strong due to continued increases for both residential and commercial/industrial construction activity. Conversations quickly turn toward cost escalation, lead times, and raw material availability which, in most cases, have become worse due to COVID-related absenteeism, labor availability, natural disasters, and/or capacity with shipping/logistics companies and ports. Accordingly, some industry participants have sought to expand their supplier base, vertically integrate, and/or expand production capacity. In addition, many companies have taken initiative to update pricing and terms of sale to address supply chain cost increases and protect margins. Material prices for lumber, steel, copper, and aluminum remain near or at five-year highs. According to the U.S. Bureau of Labor Statistics, construction input prices rose 24.3% over the last 12 months. The following tables provide further Producer Price Index data.

Producer Price Index, January 2022	1-Month % Change	12-Month % Change
Inputs to Construction	3.5%	23.6%
Inputs to Nonresidential Construction	3.1%	24.3%
Plumbing Fixtures and Fittings	1.8%	7.3%
Fabricated Structural Metal Products	0.8%	42.5%
Iron and Steel	(2.9%)	67.8%
Steel Mill Products	(1.6%)	112.7%
Nonferrous Wire and Cable	0.1%	25.8%
Softwood Lumber	24.4%	20.1%
Concrete Products	1.5%	9.8%
Prepared Asphalt, Tar Roofing & Siding Products	0.8%	19.5%
Crude Petroleum	15.5%	62.9%
Natural Gas	(26.1%)	47.4%
Unprocessed Energy Materials	(4.7%)	51.0%

Source: U.S. Bureau of Labor Statistics



Source: U.S. Bureau of Labor Statistics

The building products and materials sector is no stranger to periods of rapid price increases. Many of our clients absorb material, labor cost increases, and manage margins successfully due to entrenched supplier and customer relationships, value-added services, and/or specification-driven product qualifications. Even through last year's increases in prices in the building products and materials sector, clients have experienced strong demand as an offset to the inflationary dynamics in the market.

Our experience representing both sellers and buyers in building products and materials M&A engagements during times of price pressures results on the following questions vetted as part of the transaction process:

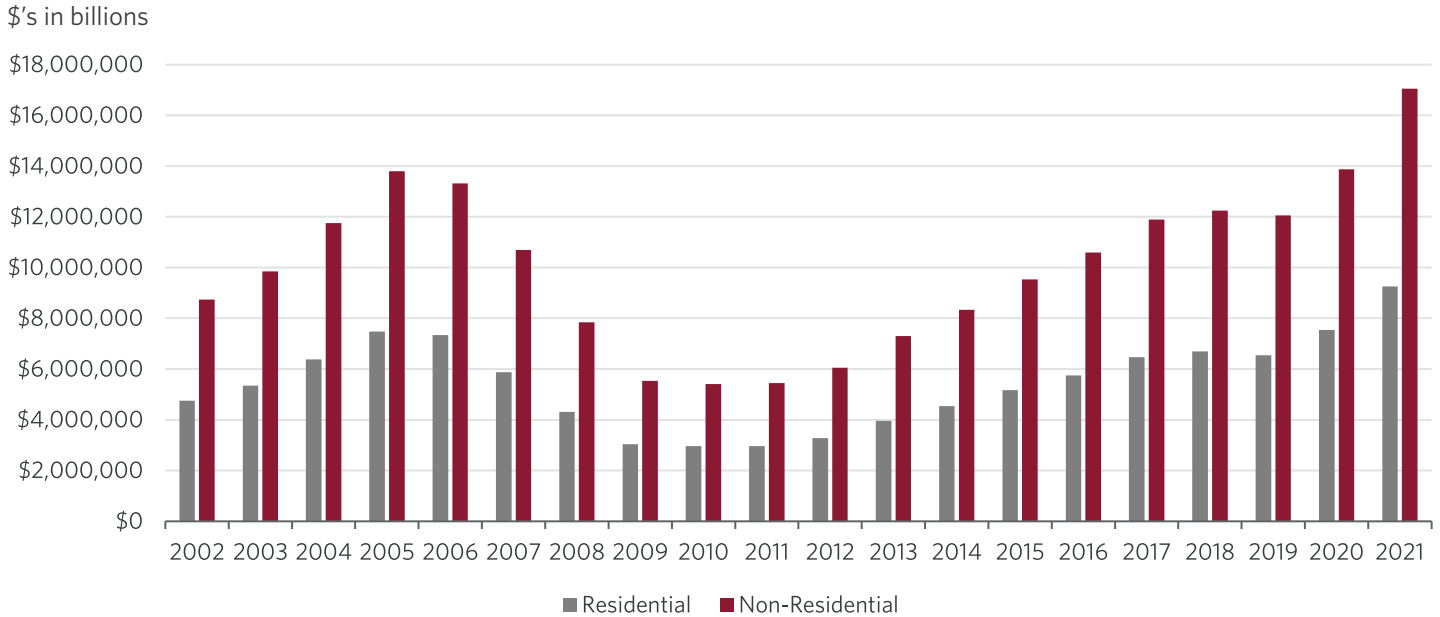
- Exposure to raw materials and other inputs
- Price increases over time and how channel partners/customers/markets responded
- Ability to hire and retain labor
- Sustainability of current revenue and margin trends
- Ability to serve newly acquired customers considering potential supplier allocations or delivery timeframes
- Product development activities centered around sustainability or ability to reduce field installation labor

Management teams that have processes and plans to address these topics come out "ahead" in transaction price and terms, all else equal.

# Construction spending

Construction spending for both residential and non-residential increased in 2021 compared to 2020, driving strong demand for building products and materials industry participants. In fact, spending hit all-time highs in absolute terms. The following pages describe several drivers for residential and non-residential construction.

## Construction put in place

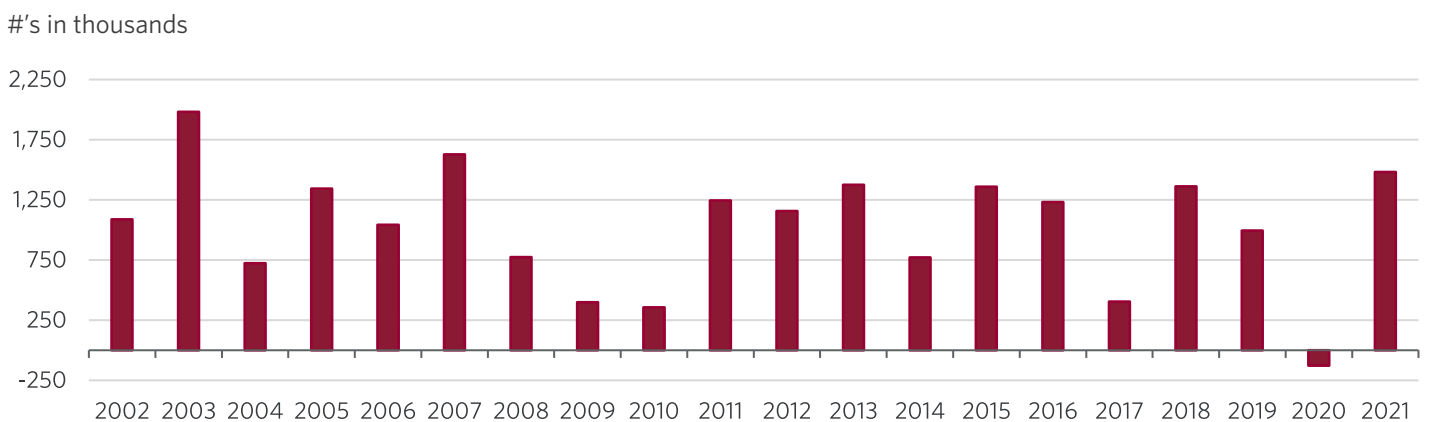


Source: U.S. Census Bureau

## Residential construction

New household formation is a key driver of overall housing demand. Even accounting for soft years in 2017 and 2020, the number of new formations has averaged 967,000 units per year since 2010. Demographics play a key role in household formations, and millennials have increasingly driven new household formations after putting off marriage or moving out of their parents' homes due to the Great Recession. According to the National Association of Realtors, new household formation is likely to remain strong over the next decade due to the remaining millennials that haven't purchased homes and the next generation, Generation Z ("Gen Z"). Gen Z is an even larger population cohort that has signaled strong interest in home ownership, according to a recent Bank of America Homeowner Insights survey.

## New household formations



Source: U.S. Census Bureau

# Residential construction (continued)

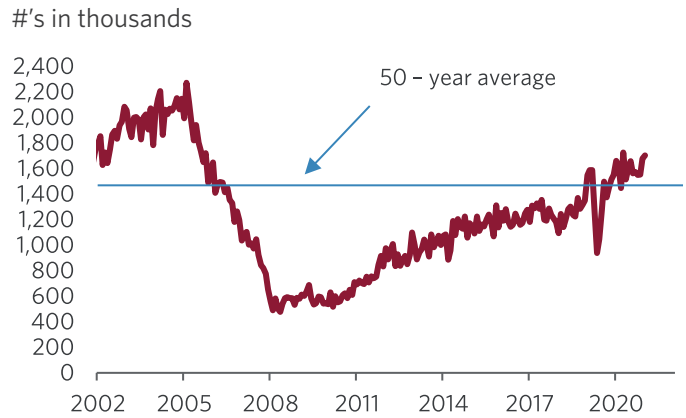
The Federal Reserve plans to raise interest rates to combat high inflation. In response, the average 30-year fixed rate reached 5% in April 2022, up 200 basis points over the prior year. According to the National Association of Realtors (“NAR”), mortgage rates could reach 6% in 2023 if the Federal Reserve carries out the expected rate hikes. Rising interest rates for mortgages increase the cost of home ownership and create a headwind for new housing demand. As a result, the National Association of Homebuilders (“NAHB”), forecasts single-family home starts in 2022 at a little over 1.1 million, or just 1% growth. That growth forecast is down significantly from the 13% growth in 2020 and the 9% growth in 2021. Another headwind to housing supply is builders are experiencing shortages of skilled labor and materials or delays. These supply dynamics are driving up new home prices. The average new home price was \$392,900 in 2021, a 14.2% increase over 2020 according to the U.S. Census Bureau.

## Mortgage rates (30-year fixed)



Source: St. Louis Fed

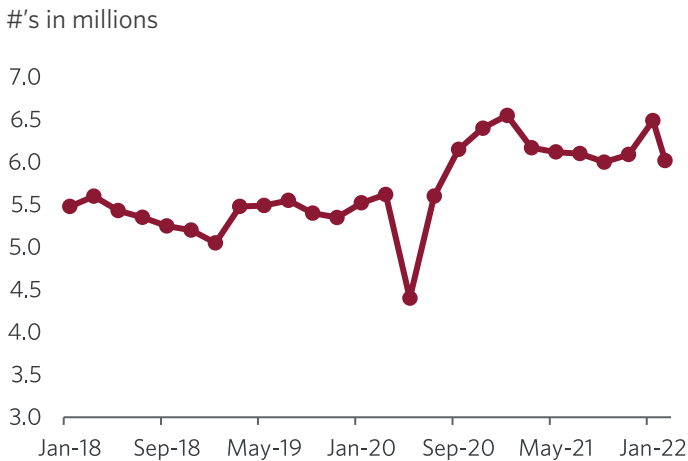
## Housing starts



Source: U.S. Cesus Bureau

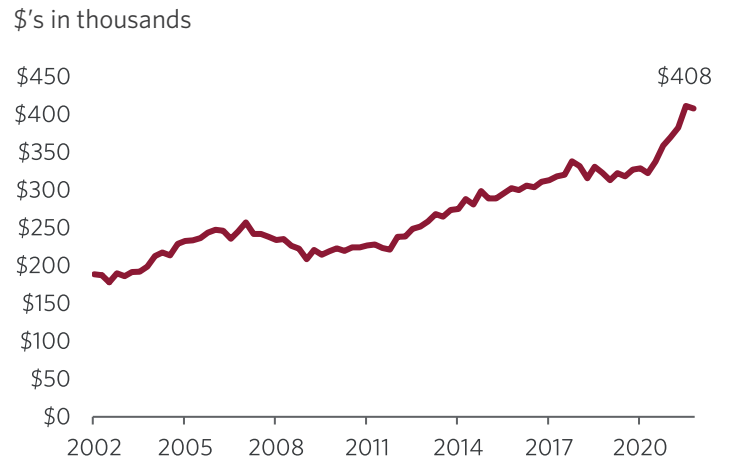
Existing home sales continue to be a steady growth driver for residential building products demand. During the first half of 2021, sales remained at a pace above 6.2 million homes while the median sales price reached over \$400,000 for the first time. To some extent, homeowners have been priced out of the market and are staying longer in their homes. According to Redfin, 25% of all U.S. homeowners have been in their current home for more than 20 years.

## Existing home sales



Source: National Association of Relators, St. Louis Fed

## Median sales price of houses sold for the U.S.



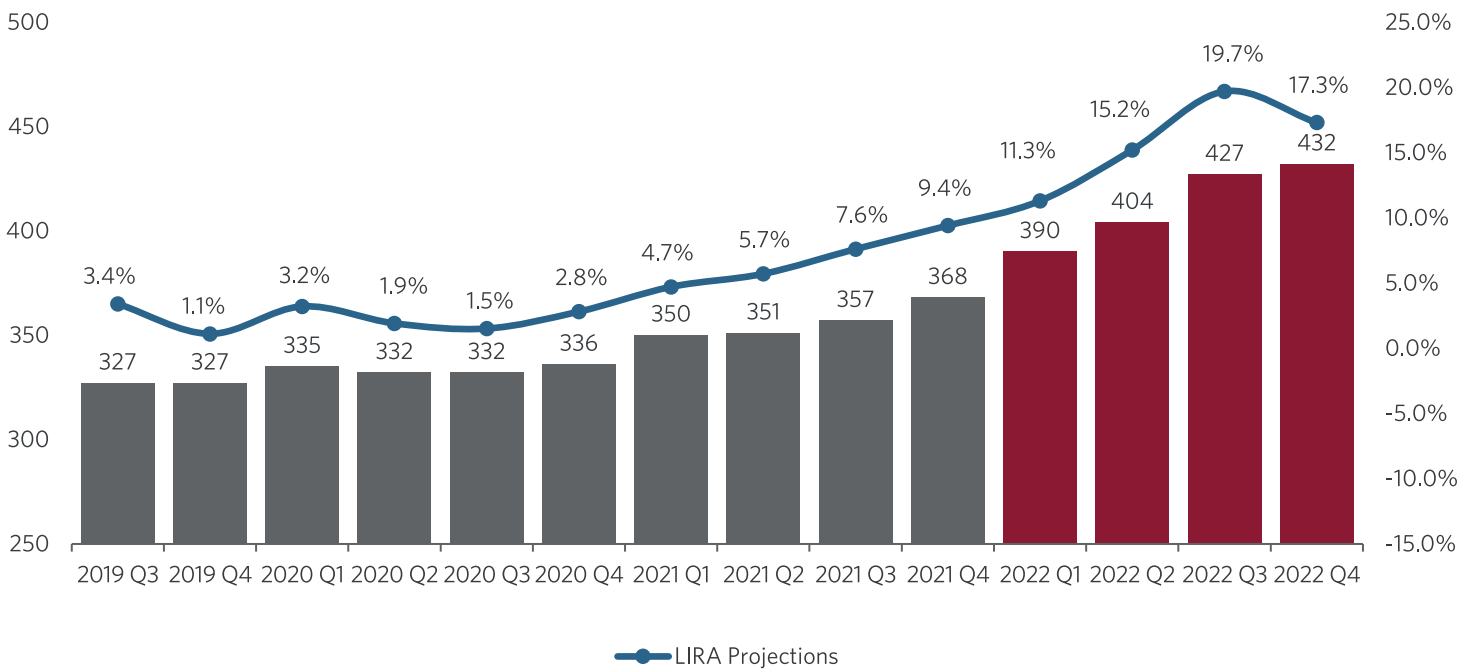
Source: U.S. Census Bureau

# Residential construction (continued)

Repair and remodel spending has reported immense growth in the last few years, particularly due to rising home equity, inventory of aging homes, and lower interest rates. The Leading Indicator of Remodeling Activity (LIRA) provides a short-term outlook of national home improvement and repair spending to owner-occupied homes. LIRA is expecting home remodeling to reach record levels in 2022, but the blistering pace of growth will subside by the end of 2022.

## Leading indicator of remodeling activity

\$'s in billions

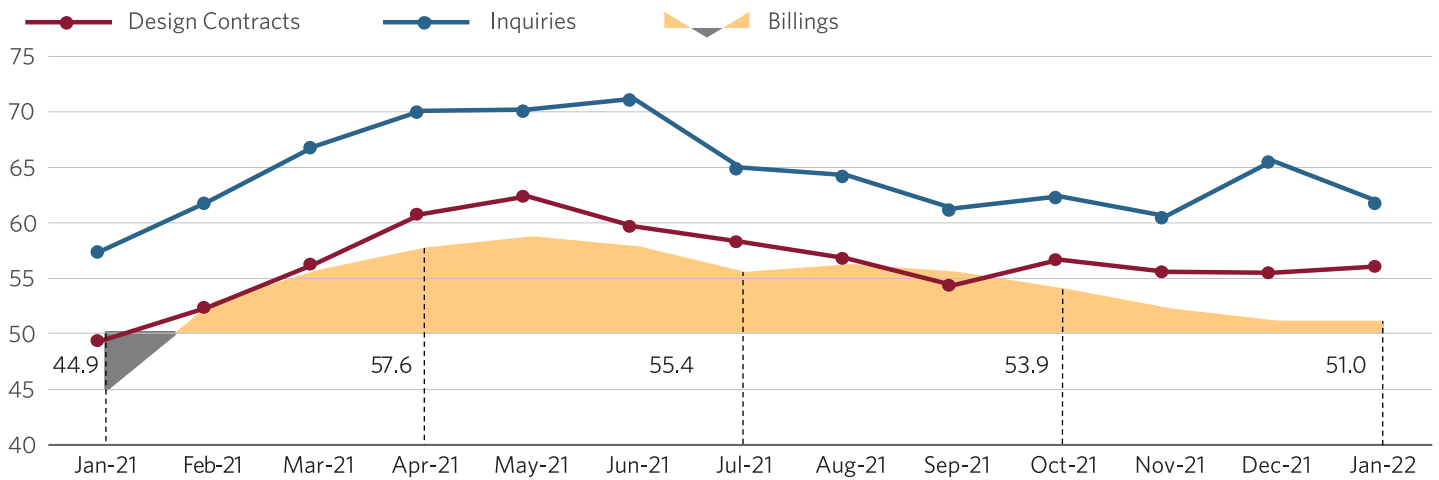


Source: Harvard.edu (JCHS)

# Non-residential construction

The Architectural Billings Index (“ABI”), serves as a leading economic indicator that forecasts non-residential construction activity by 9-12 months. Architecture firms have had a busy start to the year as billings and the value of contemporary design contracts both reflect moderate levels with scores of 51.3 and 55.2, respectively. According to AIA Chief Economist Kermit Baker, “Architecture billings, while remaining at very healthy levels in recent months, have slowed considerably from the middle of last year.” One reason for this diminished growth is due to the uneven spread of construction activity throughout different regions in the country. While billings growth has continued at an exponential rate in the South and in key cities like Dallas and Houston, firms located in the Northeast and West have been declining. For example, February 2022 marks the sixth consecutive month of decreased billings at firms in the Northeast and the third for firms located in the West. According to an AIA study, eight out of the 10 firms surveyed (79%) indicated that supply chain disruptions are having a more serious impact on projects at their firm compared to a year ago. The consensus is rising costs have pushed back construction projects from breaking ground in the Northeast and West regions of the country.

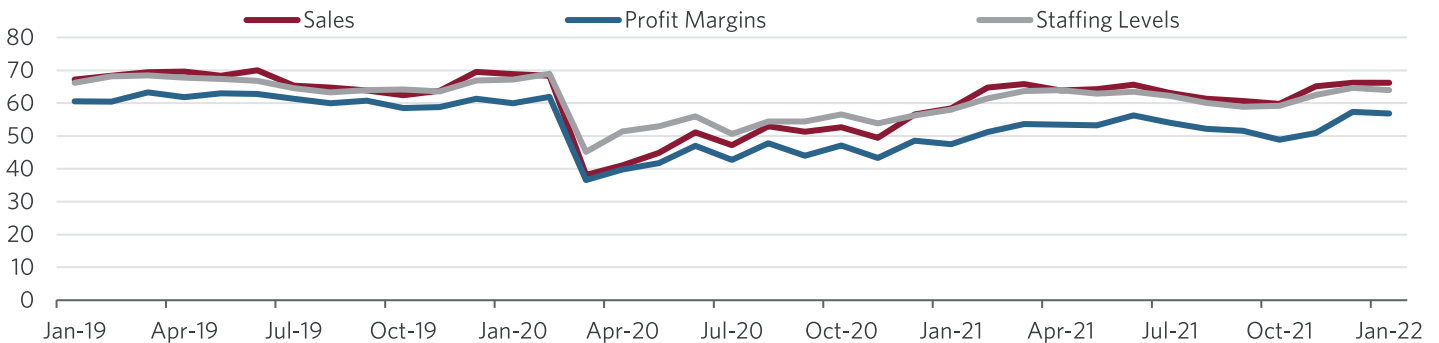
## Non-residential construction summary



Source: Architecture Billings Index (ABI)

Non-residential construction comprises commercial, industrial, and public markets. The Construction Confidence Index (“CCI”) is provided by the ABC, and measures construction contractors’ expectations for sales, profit margins and staffing levels. As of February 2022, the CCI readings for sales and staffing levels increased while profit margins inched slightly lower than the prior month. Collectively, all three indices remained above the threshold of fifty units, indicating a possibility for moderate growth over the next two quarters. According to ABC Chief Economist Anirban Basu, “Despite sky-high materials prices, surging compensation costs and attendant impacts on bids, many project owners continue to move forward with projects because they recognize construction costs could rise even further.”

## Construction Confidence Index



Source: ABC



# Material prices

According to the U.S. Census Bureau, 2020-2021 experienced the largest year-over-year increase in material costs since 1970. This is due to the global pandemic, which coupled with supply chain disruptions, labor shortages, and the geopolitical crisis, has exacerbated supply shortages and increased the cost of materials. Moreover, the imposed sanctions on Russian energy, specifically crude oil, has caused extreme volatility and uncertainty in the marketplace. Furthermore, the Consumer Price Index soared to 7.9% as of February 2022, which is the highest level for the key inflation metric since January 1982. The decline in all commodity types in the preliminary stages of the pandemic were short lived as demand returned sharply and supply was constrained, resulting in an unprecedented run up in prices across the board. Going forward, material prices are expected to continue rising in the short term as global uncertainty and inflationary pressures remain persistent.

## Copper

\$'s per pound



Source: NASDAQ

## Lumber

\$'s per thousand board feet



Source: NASDAQ

There has been a global shortage of copper as mining operations throughout the world shut down in the early stages of the pandemic. As the demand for metals rebounded due to an increase in equipment sales, miners have been struggling to increase inventory levels. Most recently, copper reached \$4.94/lb on March 4th 2022 and came back down to \$4.60/lb as of March 16th.

Softwood lumber prices have been steadily increasing since December 2021 after falling sharply from a record high in May 2021. Lumber is three times the average pre-pandemic price as sawmill outputs do not meet increasing demand levels. According to the NAHB, the resurgence in lumber prices since December 2021 has added \$18,600 to the price of an average new single-family home. Sawmills around the country are dealing with a multitude of issues including skilled labor shortages, ongoing supply chain disruptions, and natural disasters.

According to Andrea Miller from CNBC, steel demand has increased due to the buildout of warehousing and distribution centers. More recently, steel rebar has experienced significant increases due to the Ukraine-Russia conflict as futures reached more than \$950 per metric tonne on March 8th, 2022. Aluminum prices have also experienced extreme volatility as it spiked to a record high of \$3,850 per metric tonne on March 4th, 2021 but declined to \$3,350 on March 14th, 2022. The material price volatility in the marketplace has become a common theme due to geopolitical uncertainty and unprecedented supply chain disruptions.

## Steel / Rebar

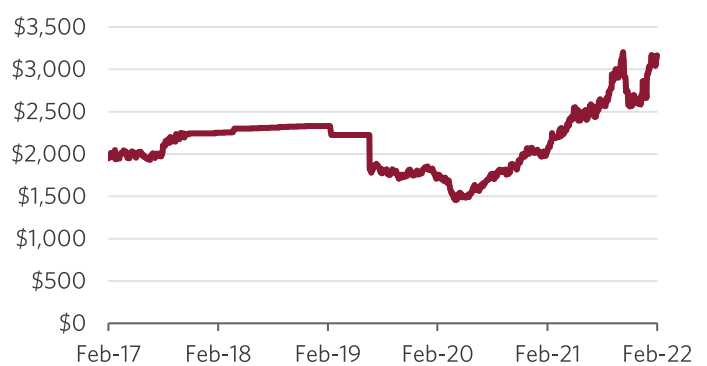
\$'s per metric tonne



Source: Investing.com

## Aluminum

\$'s per metric tonne



Source: NASDAQ

# M&A activity

The building products sector has continued to demonstrate strong M&A activity so far in 2022, building off the momentum in 2021. M&A deal volume nearly doubled in 2021 compared to a slower market in 2020. The relatively low interest rates and excess dry powder in the market are fueling buyer activity and pushing higher multiples on transactions. These tailwinds have increased competition as both strategic and financial buyers are active in the space targeting both platform and add-on acquisitions.

KPS Capital Partners acquired Oldcastle Building Envelope (OBE) for nearly \$3.45 billion in cash

- OBE is North America's leading vertically integrated manufacturer and distributor of architectural hardware, glass and glazed systems
- The company has over 6,700 employees and is a world-class building products firm with significant market share in every major metropolitan area in the U.S. and Canada

Strategic Value Partners (SVP Global) acquired Associated Materials for a total transaction size of \$950M

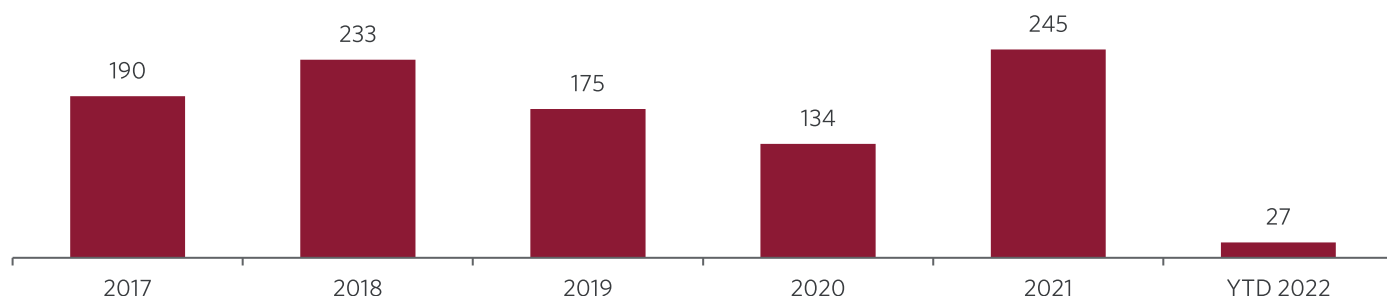
- Associated Materials had \$1.6 billion in sales in 2021. The Company primarily makes vinyl windows, metal cladding, and related products
- Associated Materials has over 4,400 employees and 126 Alside and Gentek supply centers, along with 11 manufacturing facilities in the United States and Canada

Holcim Group acquired Malarkey Roofing Products in March 2022; terms of the transaction were not disclosed

- Malarkey provides complete solutions for residential roofing and ancillary products. This acquisition is highly complementary to Firestone Building Products as it will expand Holcim's range of roofing solutions and help achieve its net sales goal by 2025
- Holcim is a global leader in innovative and sustainable building solutions

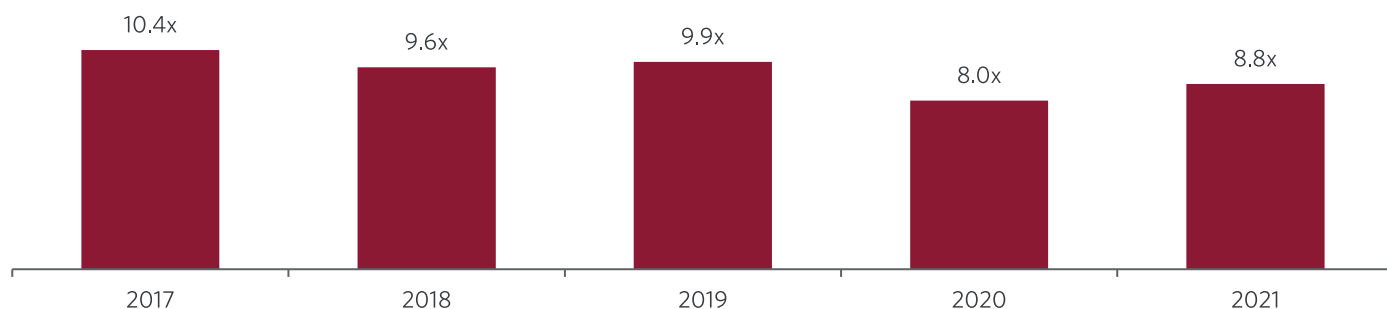
## Building products M&A activity

# of closed transactions



Source: Capital IQ

## Building products TEV/EBITDA multiples



Source: Capital IQ (Transactions \$10MM - \$1Bn)

# M&A activity (continued)

Date effective	Target	Target's primary line of business	Acquirer
Pending	Oldcastle Building Envelope, Inc	Manufactures and supplies building envelope solutions	KPS Capital Partners, LP
Pending	Elkay Manufacturing Company, Inc	Manufactures stainless steel sinks	Zurn Water Solutions Corporation
Pending	Cornerstone Building Brands, Inc	Manufactures and installs external building products	Clayton, Dubilier & Rice, LLC
Pending	The Harrington Corporation	Manufactures push-on gasketed joint ductile fittings	IPEX, Inc
Pending	Major Industries, Inc	Manufactures and distributes daylighting products	Kingspan Light & Air, LLC
03/14/22	Associated Materials, LLC	Manufactures and distributes residential building products	Strategic Value Partners, LLC
03/01/22	Malarkey Roofing Products Co	Manufactures and supplies residential roofing products	Holcim Group Services Limited
02/14/22	ACE Group LLC	Manufactures and distributes equipment for pavers	BLS Enterprises, Inc
02/08/22	Duchesne et Fils Itee	Manufactures building materials for renovation centers	NAMAKOR Holdings
02/02/22	AHF, LLC	Manufactures and designs hardwood flooring products	Paceline Equity Partners, LLC
01/31/22	Solar Innovations, LLC	Manufactures glazed aluminum, wood, vinyl, and composite	Fortune Brands Home Security, Inc
01/11/22	Applegate Holdings, LLC	Manufactures and distributes cellulose insulation	Industrial Opportunity Partners, LLC
01/07/22	City Auto Glass Co	Manufactures glass for industrial and specialty purposes	Basco Manufacturing Company
12/31/21	Thetford Corporation	Manufactures mobile sanitation products	Monomoy Capital Partners
12/20/21	Professional Plumbing Group, Inc	Manufactures and distributes plumbing equipment	Mar-Cone Appliance Parts Center
12/20/21	Safe-Way Garage Doors LLC	Manufactures residential overhead garage doors	Capital Works, LLC
12/20/21	Value Engineered Products, Inc	Manufactures pipe support solutions	ASC Engineered Solutions, LLC
12/17/21	PFB Corporation	Manufactures and markets insulating building products	The Riverside Company
12/17/21	Fi-Foil Company, Inc	Manufactures and distributes reflective insulation	Validor Capital, LLC
12/15/21	Sunview Patio Doors Ltd	Manufactures patio doors	Novatech Group, Inc
12/09/21	Amifast, LP	Manufactures fasteners and hardware	Afinitas
12/02/21	HB&G Building Products, Inc	Manufacturers fiberglass columns and synthetic products	The Marwin Company, Inc
11/30/21	North West Rubber Ltd	Manufactures recycled rubber flooring solutions	TorQuest Partners, Inc
11/29/21	Universal Windows Direct, LLC	Manufactures replacement windows and roofing products	Great Day Improvements, LLC
11/22/21	SBS Holdings, LLC	Manufactures and sells interior building products	Monument MicroCap Partners, LLC
11/18/21	EZ-FLO International, Inc	Manufactures and distributes plumbing products	Reliance Worldwide Corporation
11/15/21	Griffco Valve, Inc	Manufactures valves for chemical feed and pumping systems	Quality Valve, Inc
11/09/21	Re-Bath, LLC	Manufacturing and remodeling bathtubs and shower liners	TZP Group
11/02/21	Richard Marcus Inc	Manufactures hardware and cedar products	US LBM Holdings, Inc
11/01/21	Reflectix, Inc	Manufactures and markets foil-faced reflective insulation	Balcan Innovations, Inc
10/27/21	Commando Lock Company, LLC	Manufactures military grade padlock systems	Hampton Products International
10/25/21	Sommer's Mobile Leasing, Inc	Distributes building products for construction	WillScot Mobile Mini Holdings Corp
10/14/21	Shoreline Vinyl Systems, Inc	Manufacturers and distributors of vinyl fence products	Eastern Wholesale Fence Co, Inc
10/01/21	Premium LVT MFG, LLC	Manufactures stone polymer composite flooring	MS International, Inc
10/01/21	Fireside Hearth & Home of Dallas	Manufactures and sells indoor and outdoor fireplaces	HNI Corporation
10/01/21	Boral Industries Inc	Manufacturers roofing, siding, trim, shutters, and stone	Westlake Chemical Corporation
09/27/21	Home Center Supply	Distributes specialty building products	The Jordan Company
09/21/21	Arrow Tru-Line, Inc	Manufactures garage door hardware	MiddleGround Capital, LLC
09/01/21	Montana Waterworks and Irrigation	Manufactures pipe, fittings, valves, fabric and hydrants	Dakota Supply Group, Inc
09/01/21	Henry Company LLC	Manufactures roof coatings and driveway products	Carlisle Companies Incorporated

Sources: Capital IQ, publicly available information, and CIBC Cleary Gull knowledge

# Public company performance

Following 4Q2021 earnings releases, many building products companies across the industry posted favorable gains in Revenue and EBITDA. Median year-over-year growth for Revenue and EBITDA were 15% and 19%, respectively, for building products and materials manufacturers and 30% and 61%, respectively, for distributors. Despite strong results and a continued increase in demand from construction activities, multiple management teams cited profitability and output challenges with raw materials price inflation and shortages, labor wage increases and absenteeism, and significant increases in shipping costs. Looking forward, few companies indicated they expected improvements in supply chain constraints by the last half of 2022 or indicated there was no way to predict when conditions will improve. Recent excerpts from earnings calls support this overall sentiment:

- “We are experiencing extreme supply chain challenges that are significantly impacting our operations and it has become imperative to reduce operating schedules to address our unsustainable inventory levels”  
- Don Kayne - President and CEO, Canfor
- “Recently, we’ve heard from several of our homebuilder customers that they are tapping the brakes on starts for a few reasons, namely labor, material and land availability, even though demand remains strong. These challenges, coupled with the growth we’ve seen in the first half of the year, suggests builders are exceeding their growth forecast for this year and are pushing some new home construction into next year, supporting our belief that growth will continue for some time”  
- Dave Flitman - President and CEO, Builders FirstSource, Inc

The forest products sector’s LTM TEV/EBITDA multiples have decreased to historical lows primarily by record profitability from historically high lumber and plywood prices. Most building products subsectors’ average last twelve month (“LTM”) total enterprise value to EBITDA trends remain range-bound between 10x-15x. Except for plumbing and access products subsectors, the industry has outperformed the S&P 500 index over the last five years.

## Access Products

Company	Stock price as of 4/22/2022	% of 52-week High	Revenue LTM (\$mm)	EBITDA LTM (\$mm)	Market Value (\$mm)	LTM Gross % Margin	LTM EBITDA % Margin	Revs % Change	EBITDA % Change	Net Debt / EBITDA LTM	EV / EBITDA 2021A	2022E P/E
American Woodmark Corporation	\$46.05	44%	\$1,829	\$123	\$763	12%	7%	10%	-43%	4.2x	11.3x	10.1x
Apogee Enterprises, Inc.	46.10	91%	1,314	149	1,045	23%	11%	7%	18%	1.1x	8.2x	15.9x
ASSA ABLOY AB (publ)	13.05	78%	9,769	1,751	29,329	40%	18%	7%	29%	1.3x	16.9x	N/A
Fortune Brands Home & Security, Inc.	70.53	62%	7,656	1,310	9,334	36%	17%	26%	29%	1.8x	9.0x	14.3x
Masonite International Corporation	78.49	59%	2,597	376	1,825	24%	14%	15%	11%	1.7x	6.7x	9.8x
PGT Innovations, Inc.	17.60	63%	1,161	150	1,054	35%	13%	32%	10%	3.6x	11.4x	11.4x

## HVAC and Lighting

Acuity Brands, Inc.	\$174.24	78%	\$3,728	\$567	\$5,956	42%	15%	15%	19%	0.1x	10.7x	16.0x
Daikin Industries, Ltd.	20.56	75%	23,135	3,514	47,076	34%	15%	12%	11%	NM	13.2x	N/A
Eaton Corporation plc	146.04	83%	19,628	3,442	58,353	32%	18%	10%	33%	2.3x	19.4x	20.8x
Johnson Controls International plc	62.93	77%	24,189	4,232	44,201	34%	17%	10%	62%	1.7x	12.7x	21.1x
Koninklijke Philips N.V.	30.34	50%	18,382	1,595	26,221	42%	9%	-3%	-41%	2.7x	19.6x	17.6x
Lennox International Inc.	246.84	69%	4,194	659	8,897	28%	16%	15%	18%	1.9x	15.6x	19.8x
Schneider Electric S.E.	32.85	81%	30,971	5,762	84,767	41%	19%	12%	23%	1.5x	16.9x	N/A
Trane Technologies plc	148.89	72%	14,136	2,300	34,817	32%	16%	14%	25%	1.3x	16.5x	24.4x

Source: Capital IQ

# Public company performance (continued)

## Forest Products

Company	Stock price as of 4/22/2022	% of 52-week High	Revenue LTM (\$mm)	EBITDA LTM (\$mm)	Market Value (\$mm)	LTM Gross % Margin	LTM EBITDA % Margin	Revs % Change	EBITDA % Change	Net Debt / EBITDA LTM	EV / EBITDA 2021A	2022E P/E
Canfor Corporation	\$21.96	75%	\$6,016	\$1,982	\$2,377	46%	33%	41%	132%	NM	1.0x	N/A
Interfor Corporation	28.83	74%	2,575	974	1,598	41%	38%	50%	133%	NM	1.5x	N/A
Louisiana-Pacific Corporation	63.73	80%	4,553	1,954	5,483	45%	43%	63%	150%	0.0x	2.8x	5.6x
West Fraser Timber Co. Ltd.	87.31	85%	10,518	4,540	9,035	56%	43%	141%	343%	NM	1.8x	5.0x
Boise Cascade Company	74.63	88%	7,926	1,052	2,935	21%	13%	45%	148%	NM	2.6x	5.3x

## Plumbing and Hardware

Masco Corporation	\$50.93	72%	\$8,375	\$1,171	\$12,046	34%	14%	17%	-16%	1.8x	12.4x	14.9x
Mueller Water Products, Inc.	12.39	71%	1,146	207	1,944	33%	18%	16%	7%	1.3x	10.7x	19.2x
Newell Brands Inc.	22.72	75%	10,589	1,377	9,447	31%	13%	13%	13%	3.3x	10.6x	12.0x
Regal Rexnord Corporation	138.72	78%	3,810	554	9,326	29%	15%	31%	19%	2.3x	19.4x	14.9x
Stanley Black & Decker, Inc.	141.49	63%	15,617	2,594	21,599	34%	17%	20%	7%	2.5x	11.2x	14.2x
Toto Ltd.	42.30	62%	5,023	641	5,869	36%	13%	4%	23%	NM	8.6x	N/A
Tyman plc	3.85	59%	808	129	746	33%	16%	8%	8%	1.3x	7.2x	10.7x

## Building Envelope

Carlisle Companies Incorporated	\$246.57	94%	\$4,810	\$801	\$12,800	28%	17%	21%	12%	3.2x	19.3x	15.1x
Compagnie de Saint-Gobain S.A.	12.93	85%	47,316	5,906	30,993	27%	12%	13%	36%	1.2x	6.6x	N/A
Cornerstone Building Brands, Inc.	24.39	100%	5,583	653	3,098	21%	12%	21%	14%	3.5x	9.3x	5.5x
James Hardie Industries plc	28.96	69%	3,454	922	13,062	36%	27%	24%	29%	0.9x	15.1x	N/A
Owens Corning	85.45	78%	8,498	1,875	8,465	26%	22%	20%	39%	1.1x	5.7x	8.3x
Kingspan Group plc	90.73	72%	6,961	927	17,429	29%	13%	38%	40%	1.0x	19.9x	N/A

## Surfaces and Finishes

Caesarstone Ltd.	\$10.16	51%	\$644	\$66	\$350	27%	10%	32%	12%	1.0x	6.8x	12.3x
Interface, Inc.	12.82	71%	1,200	159	761	36%	13%	9%	15%	2.8x	8.0x	10.3x
Mohawk Industries, Inc.	123.94	53%	11,201	1,952	7,875	29%	17%	17%	42%	1.0x	5.1x	9.9x
The Sherwin-Williams Company	244.92	69%	19,945	3,233	63,464	43%	16%	9%	-6%	3.0x	23.1x	30.5x
Tarkett S.A.	13.71	60%	2,992	186	894	20%	6%	3%	-15%	2.4x	7.6x	25.5x
The Dixie Group, Inc.	2.93	42%	341	17	44	23%	5%	8%	47%	4.6x	8.4x	N/A
Trex Company, Inc.	60.58	43%	1,197	356	6,928	38%	30%	36%	42%	NM	19.1x	35.5x

## Concrete and Aggregates

CRH plc	\$40.89	75%	\$30,981	\$5,062	\$31,475	34%	16%	12%	29%	1.2x	7.5x	15.3x
Eagle Materials Inc.	121.77	72%	1,792	577	4,811	27%	32%	13%	20%	1.5x	9.8x	13.2x
Martin Marietta Materials, Inc.	354.83	79%	5,085	1,484	22,139	27%	29%	15%	11%	3.4x	18.6x	28.1x
Summit Materials, Inc.	28.26	68%	2,410	486	3,378	28%	20%	3%	9%	2.4x	9.6x	23.3x
Vulcan Materials Company	171.08	80%	5,552	1,406	22,736	25%	25%	14%	8%	2.9x	19.3x	29.8x
<b>Mean</b>						<b>32%</b>	<b>18%</b>	<b>21%</b>	<b>35%</b>	<b>2.0x</b>	<b>11.3x</b>	<b>16.1x</b>
<b>Median</b>						<b>32%</b>	<b>16%</b>	<b>15%</b>	<b>19%</b>	<b>1.8x</b>	<b>10.6x</b>	<b>14.9x</b>

Source: Capital IQ

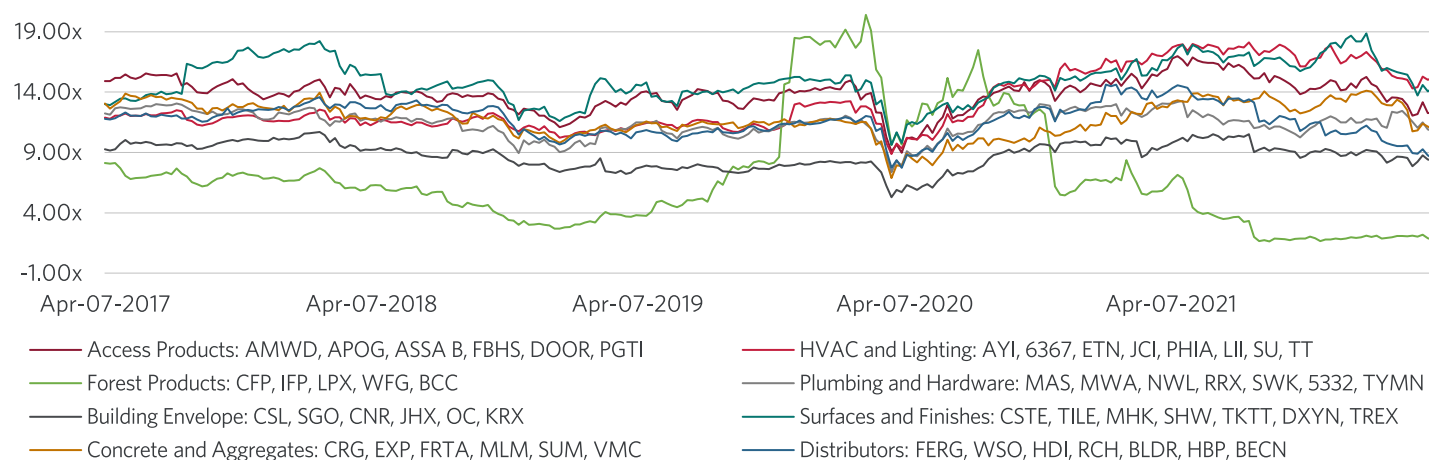
# Public company performance (continued)

## Distributors

Company	Stock price as of 4/22/2022	% of 52-week High	Revenue LTM (\$mm)	EBITDA LTM (\$mm)	Market Value (\$mm)	LTM Gross % Margin	LTM EBITDA % Margin	Revs % Change	EBITDA % Change	Net Debt / EBITDA LTM	EV / EBITDA 2021A	2022E P/E
Ferguson plc	\$133.98	77%	\$25,794	\$2,815	\$28,929	31%	11%	16%	47%	1.1x	11.4x	21.2x
Watsco, Inc.	290.98	91%	6,668	727	10,292	27%	11%	32%	75%	0.5x	15.3x	23.7x
Hardwoods Distribution Inc.	31.13	80%	1,616	166	641	23%	10%	74%	-9%	2.9x	7.2x	N/A
Richelieu Hardware Ltd.	38.05	96%	1,196	181	1,586	16%	15%	30%	61%	0.6x	9.4x	N/A
Builders FirstSource, Inc.	61.41	71%	19,894	2,922	10,856	29%	15%	132%	328%	1.1x	4.9x	8.0x
Huttig Building Products, Inc.	10.70	94%	938	57	292	22%	6%	18%	201%	1.5x	7.0x	N/A
Beacon Roofing Supply, Inc.	60.05	94%	6,820	680	4,230	27%	10%	12%	34%	2.3x	9.5x	11.0x
<b>Mean</b>						<b>25%</b>	<b>11%</b>	<b>45%</b>	<b>105%</b>	<b>1.4x</b>	<b>9.2x</b>	<b>16.0x</b>
<b>Median</b>						<b>27%</b>	<b>11%</b>	<b>30%</b>	<b>61%</b>	<b>1.1x</b>	<b>9.4x</b>	<b>16.1x</b>

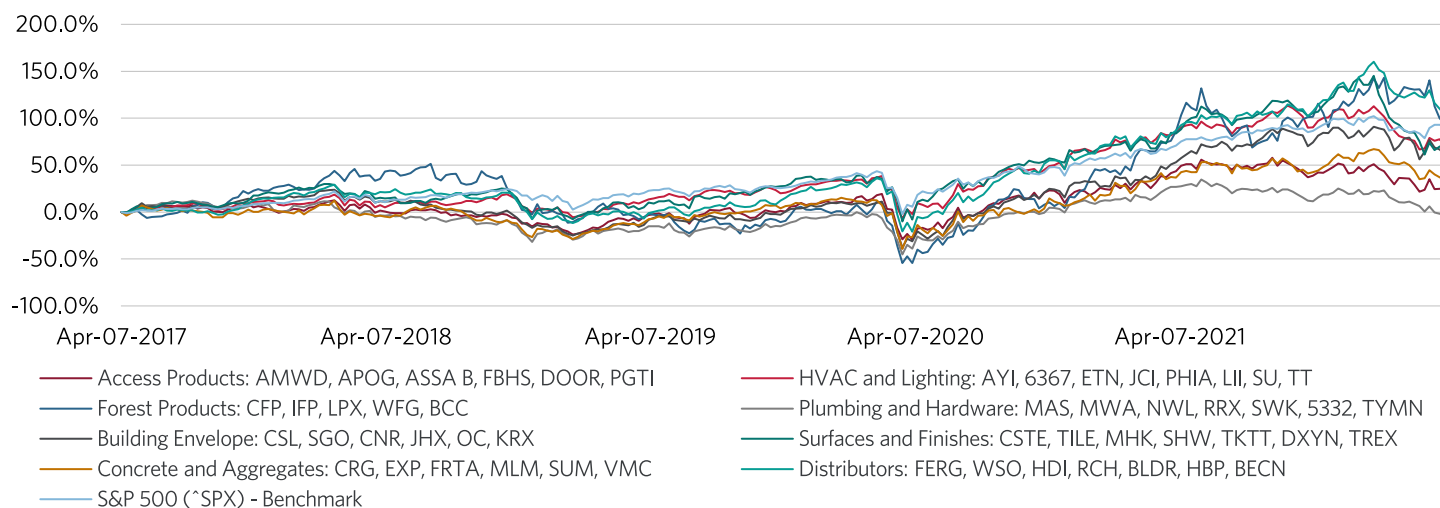
Source: Capital IQ

## Public companies TEV / EBITDA multiples



Source: Capital IQ

## Public companies total average return over last five years



Source: Capital IQ

# CIBC Cleary Gull overview

- Nationally recognized U.S. middle market investment banking firm with global reach
- Advise on M&A transactions and capital placements up to \$500 million
- Focus on private companies owned by families, entrepreneurs, business partners, and private equity funds
- Experienced and talented team has completed hundreds of transactions representing billions of transaction value
- Relentless approach to helping make clients' ambitions a reality
- Built on trust and delivering great outcomes

## Industrials focus areas



Aerospace and defense



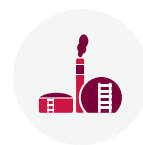
Building products and materials



Engineered products



Foundry and forging



Facility and infrastructure services



Automation



Machinery and capital equipment



Metal fabrication and processing



Precision machining



Transportation products and equipment

## CIBC Cleary Gull's Industrials team



Ronald Miller  
Managing Director and Head,  
CIBC Cleary Gull  
414 291-4528  
[ronald.miller@cibc.com](mailto:ronald.miller@cibc.com)



Patrick Bremmer  
Managing Director  
CIBC Cleary Gull  
414 291-4548  
[patrick.bremmer@cibc.com](mailto:patrick.bremmer@cibc.com)



Ryan Chimenti  
Managing Director and Head,  
U.S. Industrials M&A  
CIBC Cleary Gull  
414 291-4531  
[ryan.chimenti@cibc.com](mailto:ryan.chimenti@cibc.com)



Eric Reuther  
Managing Director and Head,  
U.S. Industrials Coverage  
CIBC Capital Markets  
312 564-2786  
[eric.reuther@cibc.com](mailto:eric.reuther@cibc.com)



Christopher Larsen  
Executive Director  
CIBC Cleary Gull  
414 291-4547  
[christopher.larsen@cibc.com](mailto:christopher.larsen@cibc.com)



Ryan Olsta  
Managing Director  
CIBC Cleary Gull  
414 291-4555  
[ryan.olsta@cibc.com](mailto:ryan.olsta@cibc.com)

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