Building Products & Services

MARKET UPDATE Q2 2023



Large Firm Experience, Business Owner Focus

Thinking of selling? We guide business owners through one of life's most important journeys.

FourBridges Insights

We anticipate that construction firms will slightly increase their market activity as a result of the ENR's adjusted Building Cost Index dropping to half of what it was in Q1. Short-term uncertainty gives way to positive long-term trends as firms prepare for a more robust 2024. Strategic buyers less impacted by interest rates and on the lookout for opportunities are expected to pace the deal environment as they expand their capabilities and market share. Pent-up infrastructure dollars lead the way in nonresidential construction.

Limited economic growth & persistent inflation remain a near-term concern:

- Consensus GDP is forecast at ~1% for 2023
- Jobs-worker gap still at ~4 million (target 2mm)
- CPI still hovering at 4%
- Recession fears still lingering

M&A market adjusting and bifurcated:

- Buyers & sellers still adjusting to "sustainable EBITDA" post 2021 & 2022 boom
- Lower middle market deals for quality assets driving volume where financing is not a significant roadblock
- Positive long-term outlook as underbuilt dynamic and infrastructure dollars fuel growth

Housing conditions:

- Annualized housing starts surged to 1.6M in May '23, a 21% increase from the previous month
- Single-family home prices have risen 10% since Q1
- Mortgage rates to go down to 6% by Q4, from the current peak of 6.7% as buyers settle into the "new normal"

Major Trends & Expectations

- Continued underdevelopment in singlefamily homes boosting long-term outlook
- Population continues to shift to friendlier geographies as well as secondary markets
- Large, unspent infrastructure dollars yet to be realized
- Remodeling activity to peak at a record high of \$492B in Q3 2023 as pent-up demand is still being realized
- Supply chain disruptions continue to ease and help rationalize prices
- Continuing bullish construction activity in the non-residential market

Market Pulse

"Key secular trends, including:

- 1. Reshoring/near shoring
- 2. Structural U.S. population shift to "smile states"
- 3. Meaningful increased investment in environmental matters
- Passage of significant U.S. and state funding initiatives supporting a 5+ year runway for infrastructure and private construction projects

... form the building blocks for what we view as a U.S. construction "golden era."

- Kathryn Thompson Thompson Research Group

Market Indicators

Housing Starts



New Home Sales



New Home Sales in Thousands;

Construction Materials PPI



Building Permits

Building Permits in Thousands; Source: US Census Bureau



Construction Spending



Lumber Composite Pricing

Lumber Composite Price Per Thousand Board Feet; Source: NASDAQ \$2,100 \$1,451 \$1,400 \$769 \$700 \$504 \$0 Jun Jul Aug Sep Oct Nov Dec Jan Feb Mar Apr May 2023

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Stock Price Performance vs. S&P 500



Market Enterprise Value (EV) / EBITDA



By Industry Segment

Source: Pitchbook (as of 06/30/23)

Public Companies:

Financial Performance (as of June 30, 2023)



					ancial					Performance			Valuation	
Company	Ticker	Market Cap		LTM Revenue	LTM Gross P			LTM BITDA	Gross Margin	EBITDA Margin	Profit Margin	EV / LTM Rev	EV / LTM EBITDA	Price / EPS
Residential Building Pro		• 107		0.000	•	050	•	000	47.00/	44.00/	0.00/	0.0	- 1	10.4
American Woodmark	AMWD	\$ 1,27			\$	358	\$	232	17.3%	11.2%	6.2%	0.8x	7.4x	10.0
Armstrong World Industries Fortune Brands Innovations	AWI FBIN	3,37 9,33		1,261 3,846		459		397 953	36.4% 31.9%	29.8% 16.3%	17.7% 14.2%	3.2x 3.0x	10.0x 12.1x	15.0 13.1
Gibraltar Industries	ROCK	9,33		3,846 1,365		331		179	24.2%	10.3%	8.2%	3.0x 1.5x	12.1X 11.4x	13.
Griffon Corporation	GFF	2,11		2,837	4	1,021		474	36.0%	16.7%	6.9%	1.3x	7.7x	10.
James Hardie Industries	ASXJHX	11,72		3,777		1,021		948	30.0%	24.5%	16.0%	3.4x	13.4x	10.
Jeld-Wen	JELD	1,50		5,181		974		437	18.8%	6.1%	2.4%	0.6x	7.4x	8.
Masco	MAS	13,11		8,458		2,678		1,291	31.7%	14.9%	9.8%	1.9x	12.6x	15.
Masco	DOOR	2,31		2,891	4	660		407	22.8%	13.5%	6.8%	1.3x	8.3x	11.
Dwens Corning	OC	12,47		9,746		2,586		2,232	26.5%	24.0%	12.5%	1.5x	6.7x	10.
PGT Innovations	PGTI	1,75		1,510	4	585		253	38.8%	15.4%	8.2%	1.6x	9.7x	14.
Quanex Building Products	NX	88		1,167		259		143	22.2%	11.8%	6.8%	0.9x	7.2x	11.
Simpson Manufacturing	SSD	5,94		2,157		957		529	44.4%	24.0%	16.0%	2.9x	11.9x	17.
The Sherwin-Williams	SHW	69,28		22,593	c	9,693		4,019	42.9%	16.5%	9.7%	3.6x	20.4x	29.
Frex	TREX	7,23		1,006		364		276	36.2%	25.3%	16.9%	7.6x	27.6x	42.
Vestlake	WLK	15,37		15,094		8,580		3,709	23.7%	24.4%	13.4%	1.2x	5.0x	8.
Condito	WER													
	Average Median				\$ 1 \$	966 9	\$ \$	1,030 455	30.5% 31.8%	17.8% 16.4%	10.7% 9.8%	2.3x 1.6x	11.2x 9.9x	16.0 14.1
Commercial Building Pr	oducts													
Aaon	AAON	\$ 5.16	0\$	936	\$	269	\$	187	27.6%	19.2%	13.6%	5.6x	28.1x	43.
Kingspan Group	DUB:KRX	12,10		8,770		2,09	Ψ	1,069	26.6%	11.8%	7.7%	1.6x	13.1x	-43.
ennox International	LII	11,60		4,754		,323		771	27.8%	16.0%	10.9%	2.8x	17.4x	22.
/almont Industries	VMI	6,28		4,427		1,186		570	26.8%	11.9%	7.0%	1.6x	12.7x	20.
	Average	\$ 12,52	0\$	4,722	\$ 1	,277	\$	649	31.2%	18.0%	11.0%	2.9x	17.8x	26.
	Median	\$ 7,23				,254	\$	670	27.8%	16.5%	10.7%	2.2x	15.3x	21.3
Diversified Building Pro	ducts													
Beacon Roofing Supply	BECN	\$ 5,55	8 \$	8,475	\$ 2	2,238	\$	942	26.4%	9.9%	6.0%	0.9x	8.4x	11.
BlueLinx Holdings	BXC	85	9	4,026		675		322	17.1%	7.7%	4.8%	0.3x	3.4x	4.
Builders Firstsource	BLDR	20,83	5	20,929	7	7,283		4,001	34.8%	18.6%	13.2%	1.2x	6.1x	7.
Ferguson (UK)	LON:FERG	32,77	3	29,867	ę	9,058		3,216	30.3%	10.1%	7.0%	1.3x	11.6x	15.
The Home Depot	HD	316,77	5	155,752	52	2,190		26,702	33.5%	17.1%	10.9%	2.3x	13.7x	18.
Watsco	WSO	13,68	8	7,301	2	2,028		858	27.8%	11.7%	9.9%	1.9x	16.4x	24.
WESCO International	WCC	9,38	2	22,010	4	1,821		1,722	21.9%	7.5%	4.0%	0.7x	8.8x	10.
	Average	\$ 37,46	8\$	35,480	\$ 11	,185	\$	5,395	27.7%	13.1%	8.6%	1.2x	9.8x	13.3
	Median	\$ 11,85	4\$	5 20,929	\$ 4	l,821	\$	1,722	27.8%	11.8%	8.8%	1.2x	8.8x	11.0
umber and Wood Man	ufacturers													
Boise Cascade	BCC	\$ 3,59				,632	\$	993	21.5%	13.1%	8.7%	0.4x	3.1x	
Boise Cascade	BCC TSE:CFP	2,19	5	4,982		,268	\$	554	25.4%	8.6%	4.4%	0.4x 0.4x	3.2x	
Boise Cascade Canfor ₋ouisiana-Pacific	BCC TSE:CFP LPX	2,19 5,58	5 6	4,982 3,271	1	,268 979	\$	554 833	25.4% 29.9%	8.6% 23.2%	4.4% 16.4%	0.4x 1.8x	3.2x 7.0x	13. 10.
Boise Cascade Canfor Louisiana-Pacific JFP Industries	BCC TSE:CFP LPX UFPI	2,19 5,58 5,88	5 6 2	4,982 3,271 8,960	1	,268 979 ,669	\$	554 833 978	25.4% 29.9% 18.6%	8.6% 23.2% 10.8%	4.4% 16.4% 7.4%	0.4x 1.8x 0.6x	3.2x 7.0x 5.9x	13. 10. 9.
Boise Cascade Canfor Louisiana-Pacific JFP Industries West Fraser Timber Company	BCC TSE:CFP LPX UFPI TSE:WFG	2,19 5,58 5,88 7,62	5 6 2 1	4,982 3,271 8,960 8,218	1	979 979 ,669 3,008	\$	554 833 978 1,584	25.4% 29.9% 18.6% 36.6%	8.6% 23.2% 10.8% 20.2%	4.4% 16.4% 7.4% 10.6%	0.4x 1.8x 0.6x 0.9x	3.2x 7.0x 5.9x 4.6x	13. 10. 9. 9.
Boise Cascade Canfor Louisiana-Pacific JFP Industries West Fraser Timber Company	BCC TSE:CFP LPX UFPI	2,19 5,58 5,88	5 6 2 1	4,982 3,271 8,960	1	,268 979 ,669	\$	554 833 978	25.4% 29.9% 18.6%	8.6% 23.2% 10.8%	4.4% 16.4% 7.4%	0.4x 1.8x 0.6x	3.2x 7.0x 5.9x	13. 10. 9. 9.
Boise Cascade Canfor .ouisiana-Pacific JFP Industries West Fraser Timber Company Western Forest Products	BCC TSE:CFP LPX UFPI TSE:WFG	2,19 5,58 5,88 7,62	5 6 2 1 3	4,982 3,271 8,960 8,218	1	979 979 ,669 3,008	\$	554 833 978 1,584	25.4% 29.9% 18.6% 36.6%	8.6% 23.2% 10.8% 20.2%	4.4% 16.4% 7.4% 10.6%	0.4x 1.8x 0.6x 0.9x	3.2x 7.0x 5.9x 4.6x	13. 10. 9. 9. 27.
Lumber and Wood Manu Boise Cascade Canfor JFP Industries West Fraser Timber Company Western Forest Products Weyerhaeuser Company	BCC TSE:CFP LPX UFPI TSE:WFG TSE:WEF WY Average	2,19 5,58 5,88 7,62 25 24,76 \$ 36,58	5 6 2 1 3 8 9\$	4,982 3,271 8,960 8,218 1,018 8,953 6,144	1 3 2 \$ 1	1,268 979 1,669 3,008 136 2,524	\$	554 833 978 1,584 51 2,368 1,052	25.4% 29.9% 18.6% 36.6% 13.3% 28.2% 26.0%	8.6% 23.2% 10.8% 20.2% 4.5% 24.7% 13.9%	4.4% 16.4% 7.4% 10.6% 0.6% 15.9% 8.9%	0.4x 1.8x 0.6x 0.9x 0.3x 3.2x 1.1x	3.2x 7.0x 5.9x 4.6x 5.6x 12.3x 6.0x	13. 10. 9. 27. 17. 13.
Boise Cascade Canfor .ouisiana-Pacific JFP Industries West Fraser Timber Company Western Forest Products Weyerhaeuser Company	BCC TSE:CFP LPX UFPI TSE:WFG TSE:WEF WY	2,19 5,58 5,88 7,62 25 24,76 \$ 36,58	5 6 2 1 3 8 9\$	4,982 3,271 8,960 8,218 1,018 8,953 6,144	1 3 2 \$ 1	1,268 979 1,669 3,008 136 2,524	\$	554 833 978 1,584 51 2,368	25.4% 29.9% 18.6% 36.6% 13.3% 28.2%	8.6% 23.2% 10.8% 20.2% 4.5% 24.7%	4.4% 16.4% 7.4% 10.6% 0.6% 15.9%	0.4x 1.8x 0.6x 0.9x 0.3x 3.2x	3.2x 7.0x 5.9x 4.6x 5.6x 12.3x	13. 10. 9. 27. 17. 13.
Boise Cascade Canfor Jouisiana-Pacific JFP Industries West Fraser Timber Company Western Forest Products Weyerhaeuser Company	BCC TSE:CFP LPX UFPI TSE:WFG TSE:WEF WY Average Median	2,19 5,58 5,88 7,62 25 24,76 \$ 36,58 \$ 8,50	5 6 2 1 3 8 9 \$ 1 \$	4,982 3,271 8,960 8,218 1,018 8,953 6,144 5 7,605	1 3 2 \$ 1 \$ 1	1,268 979 1,669 3,008 136 2,524 1,602 1,602	\$	554 833 978 1,584 51 2,368 1,052 978	25.4% 29.9% 18.6% 36.6% 13.3% 28.2% 26.0% 27.7%	8.6% 23.2% 10.8% 20.2% 4.5% 24.7% 13.9% 12.4%	4.4% 16.4% 7.4% 10.6% 0.6% 15.9% 8.9% 8.8%	0.4x 1.8x 0.6x 0.9x 0.3x 3.2x 1.1x 0.6x	3.2x 7.0x 5.9x 4.6x 5.6x 12.3x 6.0x 5.6x	13 10 9. 27 17 13 10
Boise Cascade 2anfor .ouisiana-Pacific JFP Industries West Fraser Timber Company Western Forest Products Weyerhaeuser Company	BCC TSE:CFP LPX UFPI TSE:WFG TSE:WEF WY Average	2,19 5,58 5,88 7,62 25 24,76 \$ 36,58	5 6 2 1 3 8 9 \$ 1 \$	4,982 3,271 8,960 8,218 1,018 8,953 6,144	1 3 2 \$ 1 \$ 1	1,268 979 1,669 3,008 136 2,524	\$	554 833 978 1,584 51 2,368 1,052	25.4% 29.9% 18.6% 36.6% 13.3% 28.2% 26.0%	8.6% 23.2% 10.8% 20.2% 4.5% 24.7% 13.9%	4.4% 16.4% 7.4% 10.6% 0.6% 15.9% 8.9%	0.4x 1.8x 0.6x 0.9x 0.3x 3.2x 1.1x	3.2x 7.0x 5.9x 4.6x 5.6x 12.3x 6.0x	13 10 9. 27 17 13 10
Boise Cascade Canfor Louisiana-Pacific JFP Industries West Fraser Timber Company Western Forest Products Weyerhaeuser Company Home Builders	BCC TSE:CFP LPX UFPI TSE:WFG TSE:WEF WY Average Median	2,19 5,58 5,88 7,62 25 24,76 \$ 36,58 \$ 8,50	5 6 2 1 3 8 9 \$ 1 \$ 7 \$	4,982 3,271 8,960 8,218 1,018 8,953 6,144 5 7,605	1 3 2 \$ 1 \$ 1 \$ 10	1,268 979 1,669 3,008 136 2,524 1,602 1,602	\$	554 833 978 1,584 51 2,368 1,052 978	25.4% 29.9% 18.6% 36.6% 13.3% 28.2% 26.0% 27.7%	8.6% 23.2% 10.8% 20.2% 4.5% 24.7% 13.9% 12.4%	4.4% 16.4% 7.4% 10.6% 0.6% 15.9% 8.9% 8.8%	0.4x 1.8x 0.6x 0.9x 0.3x 3.2x 1.1x 0.6x	3.2x 7.0x 5.9x 4.6x 5.6x 12.3x 6.0x 5.6x	5. 13. 10. 9. 9. 27. 17. 13. 10. 6.
Boise Cascade Canfor Louisiana-Pacific JFP Industries West Fraser Timber Company Western Forest Products Weyerhaeuser Company Mome Builders D.R. Horton	BCC TSE:CFP LPX UFPI TSE:WFG TSE:WEF WY Average Median	2,19 5,58 5,88 7,62 25 24,76 \$ 36,58 \$ 8,50 \$ 42,42	5 6 2 1 3 8 9 \$ 1 \$ 7 \$ 4	4,982 3,271 8,960 8,218 1,018 8,953 6 6,144 6 7,605	1 3 2 \$ 1 \$ 1 \$ \$ 1 \$ 2	1,268 979 1,669 3,008 136 2,524 1,602 1,602 1,632	\$	554 833 978 1,584 51 2,368 1,052 978 7,604 2,310	25.4% 29.9% 18.6% 36.6% 13.3% 28.2% 26.0% 27.7%	8.6% 23.2% 10.8% 20.2% 4.5% 24.7% 13.9% 12.4% 20.8% 21.0%	4.4% 16.4% 7.4% 10.6% 0.6% 15.9% 8.9% 8.9% 8.8%	0.4x 1.8x 0.6x 0.9x 0.3x 3.2x 1.1x 0.6x	3.2x 7.0x 5.9x 4.6x 5.6x 12.3x 6.0x 5.6x	13. 10. 9. 27. 17. 13. 10.
Boise Cascade Canfor Louisiana-Pacific JFP Industries West Fraser Timber Company Western Forest Products Weyerhaeuser Company Menter Builders D.R. Horton WR PulteGroup	BCC TSE:CFP LPX UFPI TSE:WFG TSE:WEF WY Average Median DHI NVR PHM	2,19 5,58 5,88 7,62 25 24,76 \$ 36,58 \$ 36,58 \$ 36,58 \$ 36,58 \$ 36,58 \$ 36,58 \$ 36,58 \$ 42,42 21,95 17,93	5 6 2 1 3 8 9 \$ 1 \$ 7 \$ 4 9	4,982 3,271 8,960 8,218 1,018 8,953 6 6,144 6 7,605 6 45,388 20,167 19,027	\$ 10 \$ 10 \$ 10 \$ 10 2 2 2	1,268 979 1,669 3,008 136 2,524 1,602 1,602 1,602 1,632	\$	554 833 978 1,584 51 2,368 1,052 978 7,604 2,310 3,426	25.4% 29.9% 18.6% 36.6% 13.3% 28.2% 26.0% 27.7% 28.9% 26.3% 29.7%	8.6% 23.2% 10.8% 20.2% 4.5% 24.7% 13.9% 12.4% 20.8% 21.0% 21.7%	4.4% 16.4% 7.4% 10.6% 0.6% 15.9% 8.8% 8.8% 16.0% 16.6% 16.7%	0.4x 1.8x 0.6x 0.9x 0.3x 3.2x 1.1x 0.6x 1.1x 1.7x 1.0x	3.2x 7.0x 5.9x 4.6x 5.6x 12.3x 6.0x 5.6x 4.9x 7.8x 4.5x	13. 10. 9. 27. 17. 13. 10. 6. 11. 5.
Boise Cascade Canfor Coulisiana-Pacific DFP Industries West Fraser Timber Company Western Forest Products Weyerhaeuser Company Merhaeuser Company D.R. Horton VR PulteGroup Faylor Morrison Home	BCC TSE:CFP LPX UFPI TSE:WFG TSE:WEF WY Average Median DHI NVR PHM TMHC	2,19 5,58 5,88 7,62 2,25 24,76 \$ 36,58 \$ 36,58 \$ 36,58 \$ 8,50 \$ 42,42 21,95 17,93 5,51	5 6 2 1 3 8 9 \$ 7 \$ 4 9 4	4,982 3,271 8,960 8,218 1,018 8,953 6 6,144 6 7,605 6 45,388 20,167 19,027 7,031	\$ 10 \$ 10 \$ 10 \$ 10 2 2 2 2 2	1,268 979 1,669 3,008 136 2,524 1,602 1,602 1,632	\$	554 833 978 1,584 51 2,368 1,052 978 7,604 2,310 3,426 1,477	25.4% 29.9% 18.6% 36.6% 13.3% 28.2% 26.0% 27.7% 28.9% 26.3% 29.7% 25.6%	8.6% 23.2% 10.8% 20.2% 4.5% 24.7% 13.9% 12.4% 20.8% 21.0% 21.7% 17.7%	4.4% 16.4% 7.4% 10.6% 15.9% 8.9% 8.8% 16.0% 16.6% 16.7% 13.2%	0.4x 1.8x 0.6x 0.9x 0.3x 3.2x 1.1x 1.1x 1.7x 1.0x 0.8x	3.2x 7.0x 5.9x 4.6x 5.6x 12.3x 6.0x 5.6x 4.9x 7.8x 4.9x 4.5x 4.3x	13. 10. 9. 27. 17. 13. 10. 6. 11. 5. 4.
Boise Cascade Canfor Louisiana-Pacific JFP Industries West Fraser Timber Company Western Forest Products Weyerhaeuser Company Home Builders D.R. Horton VVR PulteGroup Taylor Morrison Home Veritage Homes	BCC TSE:CFP LPX UFPI TSE:WFG TSE:WEF WY Average Median DHI NVR PHM TMHC MTH	2,19 5,58 5,88 7,622 225 24,76 \$ 36,58 \$ 8,50 \$ 42,42 21,95 17,93 5,515 5,26	5 6 2 1 3 8 9 \$ 1 \$ 7 \$ 4 9 4 4 4	4,982 3,271 8,960 8,218 1,018 8,953 6 6,144 6 45,388 20,167 19,027 7,031 5,481	\$ 10 \$ 10 \$ 10 \$ 10 2 2 2 2 2 1	1,268 979 1,669 3,008 136 2,524 1,602 1,602 1,632 0,323 2,876 1,834 2,092 1,803	\$	554 833 978 1,584 51 2,368 1,052 978 7,604 2,310 3,426 1,477 1,314	25.4% 29.9% 18.6% 36.6% 13.3% 28.2% 26.0% 27.7% 28.9% 26.3% 29.7% 25.6% 27.0%	8.6% 23.2% 10.8% 20.2% 4.5% 24.7% 13.9% 13.9% 20.8% 21.0% 21.0% 21.7% 17.7% 19.0%	4.4% 16.4% 7.4% 10.6% 0.6% 15.9% 8.9% 8.8% 16.0% 16.6% 16.7% 13.2% 14.7%	0.4x 1.8x 0.6x 0.9x 0.3x 3.2x 1.1x 0.6x 1.1x 1.7x 1.0x 0.8x 0.7x	3.2x 7.0x 5.9x 4.6x 5.6x 12.3x 6.0x 5.6x 4.9x 7.8x 4.5x 4.5x 4.3x 3.5x	13. 10. 9. 27. 17. 13. 10. 6. 11. 5. 4.
Boise Cascade Canfor Louisiana-Pacific JFP Industries West Fraser Timber Company Western Forest Products Weyerhaeuser Company Methods Company D.R. Horton VVR PulteGroup Faylor Morrison Home Weritage Homes MDC Holdings	BCC TSE:CFP LPX UFPI TSE:WFG TSE:WFF WY Average Median DHI NVR PHM TMHC MTH MDC	2,19 5,58 5,88 7,622 24,76 \$ 36,58 \$ 8,50 \$ 42,42 21,95 17,93 5,515 5,26 3,42	5 6 2 1 3 8 9 \$ 1 \$ 7 \$ 4 9 4 4 4 4 4	4,982 3,271 8,960 8,218 1,018 8,953 6 6,144 7,605 6 45,388 20,167 19,027 7,031 5,481 3,461	\$ 10 \$ 10 \$ 10 \$ 10 2 2 2 2 1 1	,268 979 4,669 8,008 136 2,524 4,602 4,602 4,602 4,602 4,834 2,876 4,834 2,092 4,803 1,310	\$	554 833 978 1,584 51 2,368 1,052 978 7,604 2,310 3,426 1,477 1,314 892	25.4% 29.9% 18.6% 36.6% 13.3% 28.2% 26.0% 27.7% 28.9% 26.3% 29.7% 25.6% 27.0% 21.2%	8.6% 23.2% 10.8% 20.2% 4.5% 24.7% 13.9% 12.4% 20.8% 21.0% 21.7% 19.0% 12.1%	4.4% 16.4% 7.4% 10.6% 0.6% 15.9% 8.9% 8.9% 8.8% 16.0% 16.6% 16.6% 13.2% 14.7% 11.4%	0.4x 1.8x 0.6x 0.9x 0.3x 3.2x 1.1x 1.1x 1.7x 1.0x 0.8x 0.7x 0.6x	3.2x 7.0x 5.9x 4.6x 5.6x 12.3x 6.0x 5.6x 4.9x 7.8x 4.9x 4.5x 4.5x 4.3x 3.5x 3.6x	13. 10. 9. 27. 17. 13. 10. 6. 11. 5. 4. 4.
Boise Cascade Canfor Louisiana-Pacific JFP Industries West Fraser Timber Company Western Forest Products Weyerhaeuser Company Meritage Homes Mork Mork Mork Morrison Home Meritage Homes MDC Holdings Lennar	BCC TSE:CFP LPX UFPI TSE:WFG TSE:WFF WY Average Median DHI NVR PHM TMHC MTH MDC LEN	2,19 5,58 5,88 7,62 25 24,76 \$ 36,58 \$ 8,50 \$ 42,42 21,95 17,93 5,51 5,26 3,424 35,91	5 6 2 1 3 8 9 \$ 7 \$ 7 \$ 7 \$ 9 4 4 9 4 4 4 6	4,982 3,271 8,960 8,218 1,018 8,953 6,144 7,605 6,144 7,605 6,45,388 20,167 19,027 7,031 5,481 3,461 3,6617	\$ 10 \$ 10 \$ 10 \$ 10 \$ 10 \$ 10 \$ 10 \$ 10	,268 979 ,669 8,008 136 2,524 1,602 1,602 1,602 1,602 1,632 0 ,323 2,876 4 ,834 2,092 1,803 1,310	\$	554 833 978 1,584 51 2,368 1,052 978 7,604 2,310 3,426 1,477 1,314 892 6,757	25.4% 29.9% 18.6% 36.6% 13.3% 28.2% 26.0% 27.7% 28.9% 26.3% 29.7% 25.6% 27.0% 21.2% 18.8%	8.6% 23.2% 10.8% 20.2% 4.5% 24.7% 13.9% 12.4% 20.8% 21.0% 21.7% 17.7% 19.0% 12.1% 16.7%	4.4% 16.4% 7.4% 10.6% 0.6% 15.9% 8.9% 8.9% 8.8% 16.0% 16.6% 16.6% 14.7% 11.4% 14.1%	0.4x 1.8x 0.6x 0.9x 0.3x 3.2x 1.1x 1.1x 1.7x 1.0x 0.7x 0.6x 0.9x	3.2x 7.0x 5.9x 4.6x 5.6x 12.3x 6.0x 5.6x 4.9x 7.8x 4.5x 4.5x 4.5x 4.5x 3.5x 3.5x	13. 10. 9. 27. 17. 13. 10. 6. 11. 5. 4. 4. 4. 4.
Boise Cascade Canfor Louisiana-Pacific LPP Industries West Fraser Timber Company Western Forest Products Weyerhaeuser Company Weyerhaeuser Company Network Products D.R. Horton VVR PulteGroup Taylor Morrison Home Meritage Homes MDC Holdings Lennar	BCC TSE:CFP LPX UFPI TSE:WFG TSE:WFF WY Average Median DHI NVR PHM TMHC MTH MDC LEN TOL	2,19 5,58 5,88 7,622 25 24,76 \$ 36,58 \$ 8,50 \$ 42,42 21,95 17,93 5,51 5,26 3,42 3,5,91 8,98	5 6 2 1 3 8 9 \$ 9 \$ 7 \$ 9 4 4 9 4 4 4 6 7	4,982 3,271 8,960 8,218 1,018 8,953 6 6,144 7,605 6 45,388 20,167 19,027 7,031 5,481 3,461 3,6617 11,202	\$ 10 \$ 10 \$ 10 \$ 10 \$ 10 \$ 10 \$ 10 \$ 10	,268 979 ,669 8,008 136 2,524 ,632 ,524 ,632 ,524 ,632 2,876 4,834 2,092 1,803 1,310 7,202 2,521	\$	554 833 978 1,584 51 2,368 1,052 978 7,604 2,310 3,426 1,477 1,314 892 6,757 1,747	25.4% 29.9% 18.6% 36.6% 13.3% 28.2% 26.0% 27.7% 28.9% 26.3% 29.7% 25.6% 21.2% 18.8% 25.2%	8.6% 23.2% 10.8% 20.2% 4.5% 24.7% 13.9% 12.4% 20.8% 21.0% 21.7% 17.7% 19.0% 12.1% 16.7% 18.8%	4.4% 16.4% 7.4% 10.6% 0.6% 15.9% 8.8% 8.8% 16.0% 16.6% 16.6% 16.7% 13.2% 14.7% 11.4% 14.1%	0.4x 1.8x 0.6x 0.9x 0.3x 3.2x 1.1x 1.1x 1.7x 1.0x 0.8x 0.7x 0.6x	3.2x 7.0x 5.9x 4.6x 5.6x 12.3x 6.0x 5.6x 4.9x 7.8x 4.5x 4.5x 4.5x 4.5x 4.5x 4.5x 4.5x 4.5	13. 10. 9. 27. 17. 13. 10. 6. 11. 5. 4. 4. 4. 4. 6. 5.
Boise Cascade Canfor Louisiana-Pacific JFP Industries West Fraser Timber Company Western Forest Products Weyerhaeuser Company Meritage Fores Durk Horton VVR PulteGroup Taylor Morrison Home Meritage Homes MDC Holdings Lennar Foll Brothers	BCC TSE:CFP LPX UFPI TSE:WFG TSE:WFF WY Average Median DHI NVR PHM TMHC MTH MDC LEN	2,19 5,58 5,88 7,62 25 24,76 \$ 36,58 \$ 8,50 \$ 42,42 21,95 17,93 5,51 5,26 3,424 35,91	5 6 2 1 3 8 9 \$ 9 \$ 7 \$ 9 4 4 9 4 4 4 6 7	4,982 3,271 8,960 8,218 1,018 8,953 6,144 7,605 6,144 7,605 6,45,388 20,167 19,027 7,031 5,481 3,461 3,6617	\$ 10 \$ 10 \$ 10 \$ 10 \$ 10 \$ 10 \$ 10 \$ 10	,268 979 ,669 8,008 136 2,524 1,602 1,602 1,602 1,602 1,632 0 ,323 2,876 4 ,834 2,092 1,803 1,310	\$	554 833 978 1,584 51 2,368 1,052 978 7,604 2,310 3,426 1,477 1,314 892 6,757	25.4% 29.9% 18.6% 36.6% 13.3% 28.2% 26.0% 27.7% 28.9% 26.3% 29.7% 25.6% 27.0% 21.2% 18.8%	8.6% 23.2% 10.8% 20.2% 4.5% 24.7% 13.9% 12.4% 20.8% 21.0% 21.7% 17.7% 19.0% 12.1% 16.7%	4.4% 16.4% 7.4% 10.6% 0.6% 15.9% 8.9% 8.9% 8.8% 16.0% 16.6% 16.6% 14.7% 11.4% 14.1%	0.4x 1.8x 0.6x 0.9x 0.3x 3.2x 1.1x 1.1x 1.7x 1.0x 0.7x 0.6x 0.9x	3.2x 7.0x 5.9x 4.6x 5.6x 12.3x 6.0x 5.6x 4.9x 7.8x 4.5x 4.5x 4.5x 4.5x 3.5x 3.5x	13. 10. 9. 27. 17. 13. 10. 6. 11. 5. 4. 4.
Boise Cascade Canfor Louisiana-Pacific JFP Industries West Fraser Timber Company Western Forest Products Weyerhaeuser Company Methods Company D.R. Horton VVR PulteGroup Faylor Morrison Home Weritage Homes MDC Holdings	BCC TSE:CFP LPX UFPI TSE:WFG TSE:WFF WY Average Median DHI NVR PHM TMHC MTH MDC LEN TOL	2,19 5,58 5,88 7,622 25 24,76 \$ 36,58 \$ 8,50 \$ 42,42 21,95 17,93 5,51 5,26 3,42 3,5,91 8,98	5 6 2 1 3 8 9 \$ 9 \$ 7 \$ 9 4 4 4 4 6 7 7 7	4,982 3,271 8,960 8,218 1,018 8,953 6 6,144 7,605 6 45,388 20,167 19,027 7,031 5,481 3,461 3,6617 11,202	\$ 10 \$ 10 \$ 10 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	,268 979 ,669 8,008 136 2,524 ,632 ,524 ,632 ,524 ,632 2,876 4,834 2,092 1,803 1,310 7,202 2,521	\$	554 833 978 1,584 51 2,368 1,052 978 7,604 2,310 3,426 1,477 1,314 892 6,757 1,747	25.4% 29.9% 18.6% 36.6% 13.3% 28.2% 26.0% 27.7% 28.9% 26.3% 29.7% 25.6% 21.2% 18.8% 25.2%	8.6% 23.2% 10.8% 20.2% 4.5% 24.7% 13.9% 12.4% 20.8% 21.0% 21.7% 17.7% 19.0% 12.1% 16.7% 18.8%	4.4% 16.4% 7.4% 10.6% 0.6% 15.9% 8.8% 8.8% 16.0% 16.6% 16.6% 16.7% 13.2% 14.7% 11.4% 14.1%	0.4x 1.8x 0.6x 0.9x 0.3x 3.2x 1.1x 1.1x 1.7x 1.0x 0.8x 0.7x 0.6x	3.2x 7.0x 5.9x 4.6x 5.6x 12.3x 6.0x 5.6x 4.9x 7.8x 4.5x 4.5x 4.5x 4.5x 4.5x 4.5x 4.5x 4.5	13. 10. 9. 9. 27. 17. 10. 10. 5. 4. 4. 4. 4. 6. 5. 5. 10.
Boise Cascade Canfor Louisiana-Pacific JFP Industries West Fraser Timber Company Western Forest Products Weyerhaeuser Company Weyerhaeuser Company D.R. Horton VVR PulteGroup Faylor Morrison Home Weritage Homes MDC Holdings Lennar Foll Brothers Skyline Champion	BCC TSE:CFP LPX UFPI TSE:WFG TSE:WEF WY Average Median DHI NVR PHM TMHC MTH MTH MDC LEN TOL SKY	2,19 5,58 5,88 5,88 5,88 5,88 5,88 5,84 5,42,42 21,95 17,93 5,51 5,26 3,42 35,91 8,98 3,75 4,55	5 6 2 1 3 8 9\$ 1\$ 7 \$ 9 4 9 4 4 4 4 6 7 7 5	4,982 3,271 8,960 8,218 1,018 8,953 6 6,144 7,605 6 4 5,388 20,167 19,027 7,031 5,481 3,661 36,617 11,202 3,021	\$ 10 \$ 10 \$ 10 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	1,268 979 1,669 8,008 136 2,524 1,602 1,602 2,524 1,602 2,524 1,602 2,524 1,602 2,524 1,602 2,524 1,602 2,524 1,602 2,524 1,602 2,524 1,602 2,524 1,602 2,524 1,602 2,524 1,602 1,60	\$ \$ \$	554 833 978 1,584 51 2,368 1,052 978 7,604 2,310 3,426 1,477 1,314 892 6,757 1,747 591	25.4% 29.9% 18.6% 36.6% 13.3% 28.2% 26.0% 27.7% 26.0% 27.7% 26.3% 29.7% 25.6% 27.0% 21.2% 18.8% 25.2% 31.4%	8.6% 23.2% 10.8% 20.2% 4.5% 24.7% 13.9% 12.4% 20.8% 21.0% 21.7% 17.7% 19.0% 12.1% 16.7% 18.8% 20.9%	4.4% 16.4% 7.4% 10.6% 0.6% 15.9% 8.8% 8.8% 16.0% 16.6% 16.6% 16.7% 13.2% 14.7% 11.4% 11.4% 12.9% 15.8%	0.4x 1.8x 0.6x 0.9x 0.3x 3.2x 1.1x 0.6x 1.1x 1.7x 1.0x 0.8x 0.7x 0.6x 0.9x 0.9x 0.3x 1.1x 1.7x 1.0x 0.8x 0.9x 0.3x 1.1x 1.7x 1.0x 0.8x 0.9x 0.3x 1.1x 1.7x 1.0x 0.8x 0.9x 0.3x 1.1x 1.7x 1.0x 0.8x 0.9x 0.3x 1.1x 1.7x 1.0x 0.8x 0.9x 0.3x 1.1x 1.7x 1.0x 0.8x 0.9x 0.3x 1.1x 1	3.2x 7.0x 5.9x 4.6x 5.6x 12.3x 6.0x 5.6x 4.9x 7.8x 4.9x 4.9x 4.5x 4.5x 4.5x 4.5x 3.6x 3.6x 3.6x 4.7x 5.4x	13. 10. 9. 27. 17. 13. 10. 6. 11. 5. 4. 4. 4. 4. 6. 5.

Source: Pitchbook (as of 06/30/23)

Notable M&A Transactions

Q2 2023



Target	Acquirer	Description	Financial Data
WASHOE BUILDING SUPPLY, INC.	LGP LEONARD GREEN	Distributor of roofing products intended to serve the Reno market	N/A
BUILDING PRODUCTS OF CANADA CORP.		Manufacturer of residential roofing shingles and wood fiber insulation panels based in Lasalle, Canada	EV: \$981.1M LTM Rev: \$333.9M EV/LTM Rev: 2.9x
SILVER STATE BUILDING		Distributor of building materials catering to contractors as well as retail clients	N/A
SICES MATERIAL PRODUCT	FBM American Securities	Supplier of building materials intended to serve the building contractors in Indiana	N/A
	COLONY	Distributors of industrial and oil field products intended for customers throughout North and West Texas	N/A
HOME LUMBER & BUILDING SUPPLIES A GMS+ COMPANY	GYPSUM MANAGEMENT & SUPPLY, INC.	Distributor of building materials intended to offer wood products to customers	N/A
Exterior Solutions	GULFEAGLE SUPPLY	Distributor of building materials intended to fulfill client's design need by providing cost-effective products	N/A
COASTAL ROOFING SUPPLY		Distributor of roofing products to clients across Florida, United States	N/A
Old Fort	L&W SUPPLY	Distributor of building materials catering to residential, commercial and multifamily construction	N/A

FourBridges Experience:

Select Building Products & Service Experience







Junior's Building Materials is a **distributor of building materials** primarily for regional residential homebuilders based in Ringgold, GA.

FourBridges served as exclusive financial advisor to Junior's in a sale to US LBM, a portfolio company of Bain Capital.







Southern Lighting Gallery ("SLG") is a **provider of commercial and residential lighting fixtures** based in Augusta, GA.

FourBridges served as exclusive financial advisor to SLG in a sale to Saylite, a portfolio company of CORE Industrial Partners.

Total Building Supplies



Total Building Supplies is a **distributor of building supplies and tools** based in Atlanta, GA.

FourBridges served as exclusive financial advisor to Total Building Supplies in a sale to Ram Tool Construction Supply, a distributor of specialty construction supplies based in Birmingham, AL.





Leggett & Platt.

Greenscapes is a **distributor and manufacturer of lawn and garden products** based in Calhoun, GA.

FourBridges served as exclusive financial advisor to Greenscapes in a sale to Hanes Companies, a division of Leggett & Platt (NYSE: LEG).

Large firm experience, business owner focus

FourBridges is an independent investment banking firm that focuses on serving the lower middle-market. Founded in 2008 and headquartered in Chattanooga, Tennessee, FourBridges guides business owners through life-changing transactions and complex decisions when its time to transition ownership. FourBridges has a long history of advising family-owned, entrepreneurial owned and private equity backed companies in the building products industry.

Financial advisory services grounded in actual operating experience

- Team members have held <u>C-suite positions</u> in private companies and been through transactions as part of management
- Deep understanding of the issues/decisions stakeholders face in a transaction
- <u>CFO backgrounds</u> allow for granular understanding of small businesses, how to present financials, and how to address issues

Experience at Large National Firms



To discuss material in this report or trends in the building products industry, please reach out to the team members below:



Ralph Montgomery Managing Director 423-702-7499 rmontgomery@fourbridgescapital.com



John Kirkland Associate 423-541-6759 jkirkland@fourbridgescapital.com

FourBridges Professionals

THE FOUR BRIDGES CAPITAL ADVISORS

Ralph Montgomery

Loring Advisory Group

Houlihan Lokey Howard &

James Madison University

SunTrust Robinson

University of North

Carolina, MBA

Managing Director

Experience

Zukin

Education

Humphrey

Managing Directors

- C-suite experience in operating companies
- Combined 90+ years of corporate finance and M&A experience
- Cohesive team with long track record of working together to achieve successful client outcomes

Andy Stockett Managing Director

Experience

- CFO, Gordon Biersch **Restaurant Group** Partner, Mid-Atlantic Holdings
- SVP, Raymond James Capital Markets
- Board member, Rynel Ltd.

Education

- University of Chicago, MBA
- Vanderbilt University

Chris Rowe, CFA Managing Director

Experience

- CFO, Edge Flooring
- Decosimo Corporate Finance
- PricewaterhouseCoopers
- Philip Morris Germany

Education

- University of SC, International MBA
- Vanderbilt University

Brian Eischeid Associate

Experience

- 13 Verticals, LLC
- PricewaterhouseCoopers, LLP

Education

University of Tennessee

Vice President & Associates

- Combined 25+ years of corporate finance, M&A, and valuation experience
- Combined 8+ years of experience at FourBridges

Andrew Allred Vice President

Experience

- Jamestown LP
- Croft & Bender

Education

University of Georgia

Associate

- Willamette Management
- PricewaterhouseCoopers

Education

University of Tennessee

Senior Analyst and Analysts

Andrew Ball Senior Analyst

Experience

- ACA Group
- Northwestern Mutual

Education

- University of Louisiana at Lafayette, MBA
- Lee University

Wes Young Analyst

Experience

- Benjamin F. Edwards & Co
- ProNvest

Education

University of Georgia

John Kirkland, CFA, CPA

Experience

Associates