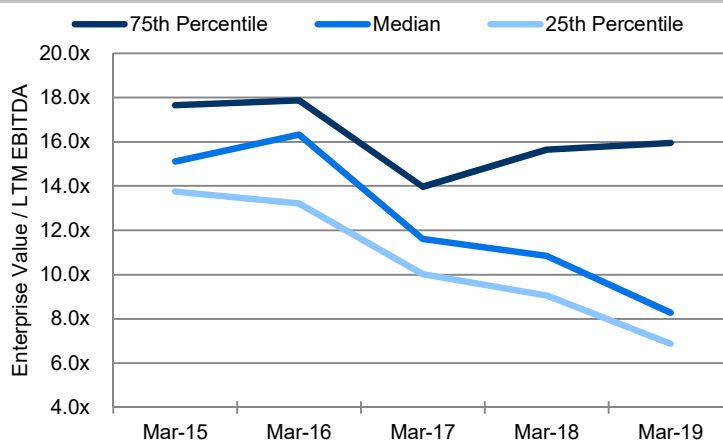


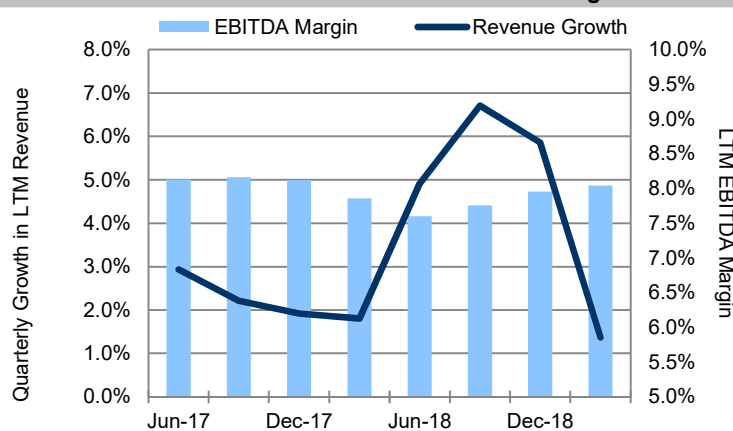
Industry Highlights

- Public company acquisitions have continued at a reasonable pace with numerous smaller transactions taking place in 2017 and 2018 among companies such as BMCH, FBM, and DOOR. There have also been a number of larger headline transactions among industry leaders such as Beacon Roofing's acquisition of Allied Building Products for \$2.65 billion earlier in 2018.
- The US housing market value has continued its upward trajectory since 2011 as prices and demand remain elevated. Strong demand coupled with historically low new home construction has shrunk the supply of for-sale homes to 3.9 months, down compared to pre-crisis supply of 4.6 months. 2019 is expected to bring 1.3-1.4 million new units, up slightly from 2018 levels based on Urban Institute's January 29, 2019, report.
- EBITDA multiples have been more volatile in 2018 than in previous periods with median multiple levels trending downward.
- Revenue growth has remained below historical levels while EBITDA margins have continued to rise. This revenue growth also falls within expected ranges often associated with distributors.
- Compared to previous updates, purchase price allocations, based on limited sample sizes, have seen an increase in customer-related values along with goodwill.
- The low values attributed to acquired trademarks and brands, 2.7% of acquired assets are in the range we often find for distributors.
- The allocation of value to Other Intangibles includes non-competition agreement value and favorable/unfavorable property lease value.

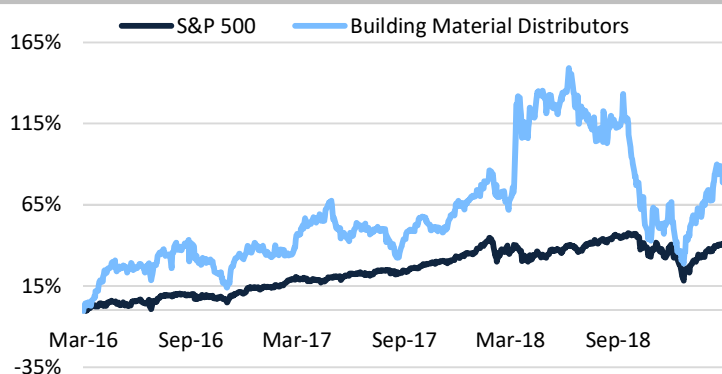
Trend in Industry EBITDA Multiples¹



Trends in Revenue Growth and EBITDA Margins¹

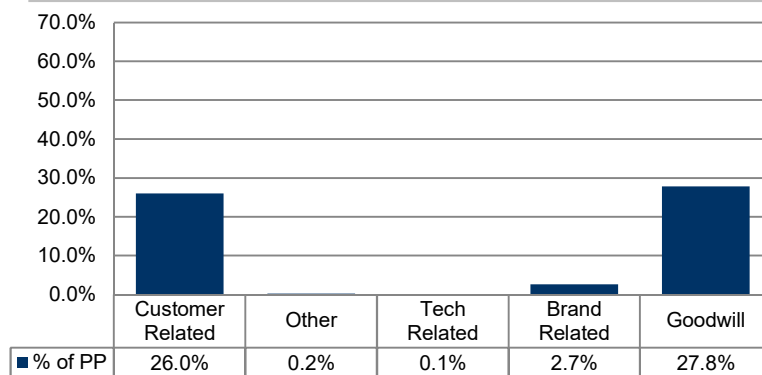


Relative Stock Price Returns²



¹ Calculated using aggregated data for FAST, LKQ, BECN, SITE, BMCH, GMS, FBM, HBP, and BXC.
² Building Material Distributor Industry is a custom, equal-weighted index constructed with the aforementioned companies.

Purchase Price Allocation (PPA) % from Recent Transactions



Notable M&A Deals



In January of 2018, Beacon Roofing Supply acquired Allied Building Products for \$2.65 billion (8.7x Adj. EBITDA). Beacon, the largest publicly traded distributor of roofing and building products, will acquire ABP, one of the largest exterior and interior building products distributors, from CRH.



In June of 2018, GMS announced its acquisition of WSB Titan, the largest wallboard distributor in Canada for \$627 million (9.2x Adj. EBITDA). The transaction further extends GMS's leadership position as the largest wallboard distributor in North America.



In April of 2018, BlueLinX, a leading distributor of building and industrial products in the USA, acquired Cedar Creek, a building products wholesale distributor, for \$413 million (6.9x Adj. EBITDA) from Charlesbank Capital Partners.

Chris Mellen
Direct: 781.501.1382
cmellen@valuationresearch.com

Kevin Meyers
Direct: 415.277.1804
kmeyers@valuationresearch.com

Doug Peterson
Direct: 678.365.2487
dpeterson@valuationresearch.com

Raymond Weisner
Direct: 917.338.5617
rweisner@valuationresearch.com