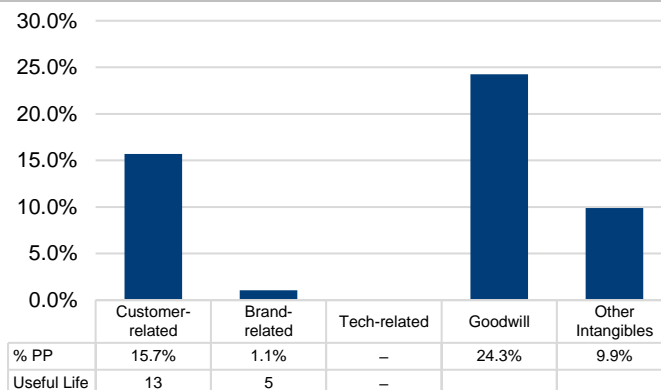


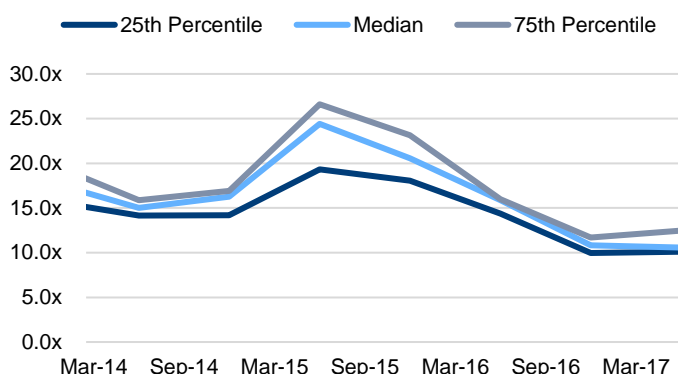
Industry Highlights

- Two new under \$100m deals were announced in April by BMC Stock Holdings; purchase price and allocation detail is not yet available.
- ABC Supply Co. continues to be among the more active, with six 2016 acquisitions, including \$675m for L&W Supply with its 136 locations. In 2016 Beacon Roofing announced five acquisitions, and in 2017 has continued among the most active.
- Large acquisition activity by public companies has been relatively light since 2015. The latest billion-plus acquisitions were the buy of ProBuild Holdings in July 2015 by Builders FirstSource and the acquisition of Roofing Supply Group by Beacon Roofing Supply. Each had more than 25% of the purchase price allocated to goodwill.
- Median Ebitda multiples continued flat over the past 18 months.
- Customer-related values of some 15.7% in the observable transaction set is somewhat above average for what we see with distributors. Our internally-developed model for customer relationships might have found less value than here, and our methodology has seen increased industry acceptance over the past year, so we might expect this percentage to trend down.
- The low values attributed to acquired trademarks and brands, 1.1% of acquired assets, are in the usual range we find.
- The allocation to Other Intangibles includes non-competition agreement value and favorable/unfavorable property lease value.
- The professional building contractor segment continues to be served somewhat evenly by public and private companies. Public includes Builders FirstSource (BLDR), Beacon Roofing Supply (BECN) and Bluelinx (BXC). Private companies include ABC, Allied Building Products, 84 Lumber and Carter Lumber. Home Depot and Lowe's, with retail and other aspects, are not included.

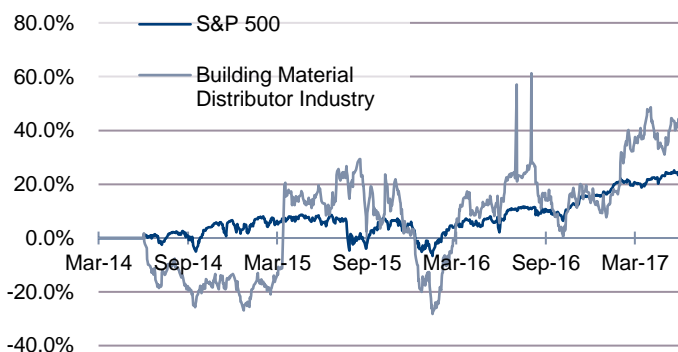
Purchase Price Allocation % from Recent Transactions



Trend in Industry EBITDA Multiples¹



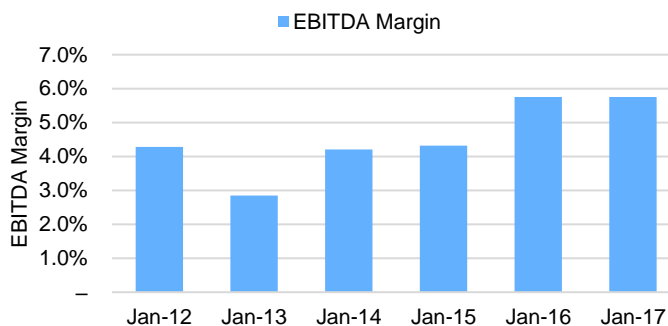
Relative Stock Price Returns²



¹ Calculated using aggregated data for BECN, BMCH, GMS, FBM, BXC, and BLDR.

² Building Material Distributor Industry is a custom, equal-weighted index constructed with the aforementioned companies.

Trends in EBITDA Margins¹



Notable M&A Deals

Target	Acquirer	Overview
L&W Supply Corp.	ABC Supply Co.	\$675 million acquisition. 136 locations. October 2016
Roofing Supply Group	Beacon Roofing Supply	\$1.1 billion acquisition. 359 locations. October 2015
ProBuild Holdings	Builders FirstSource	\$1.8 billion acquisition. 430 locations. July 2015
Stock Building Supply	BMC Stock Holdings	Merger of Building Materials Holding Corp. and Stock Building Supply. Dec. 2015

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