

# Lumber & Building Materials Distribution Market Update

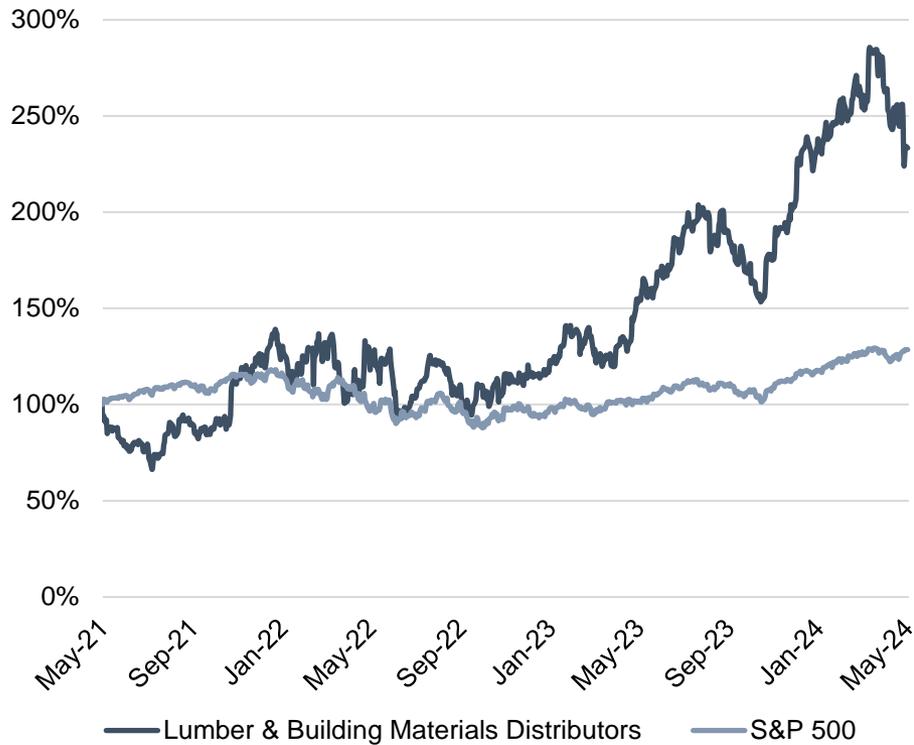
May 2024



# Public Market Trends

Lumber and Building Material Distributors have recently increased focus on M&A strategies in pursuit of cost synergies to offset inflated costs of materials and construction

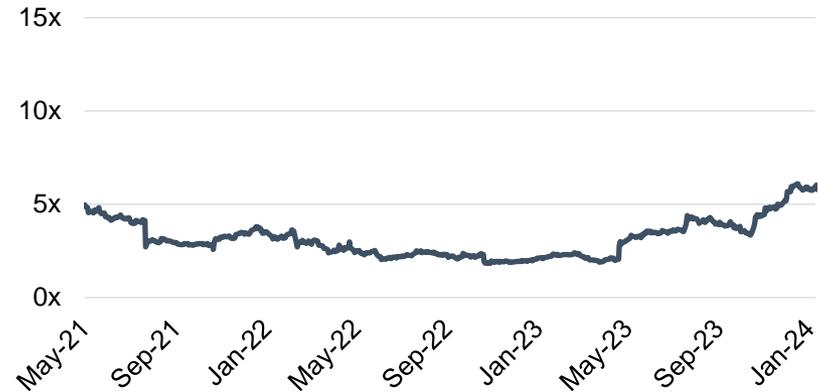
**Lumber & Building Materials Public Market Performance**



**Lumber and Building Materials Distributors**



**Lumber & Building Materials EV / EBITDA Multiples**



**2024 M&A Strategy Outlook**



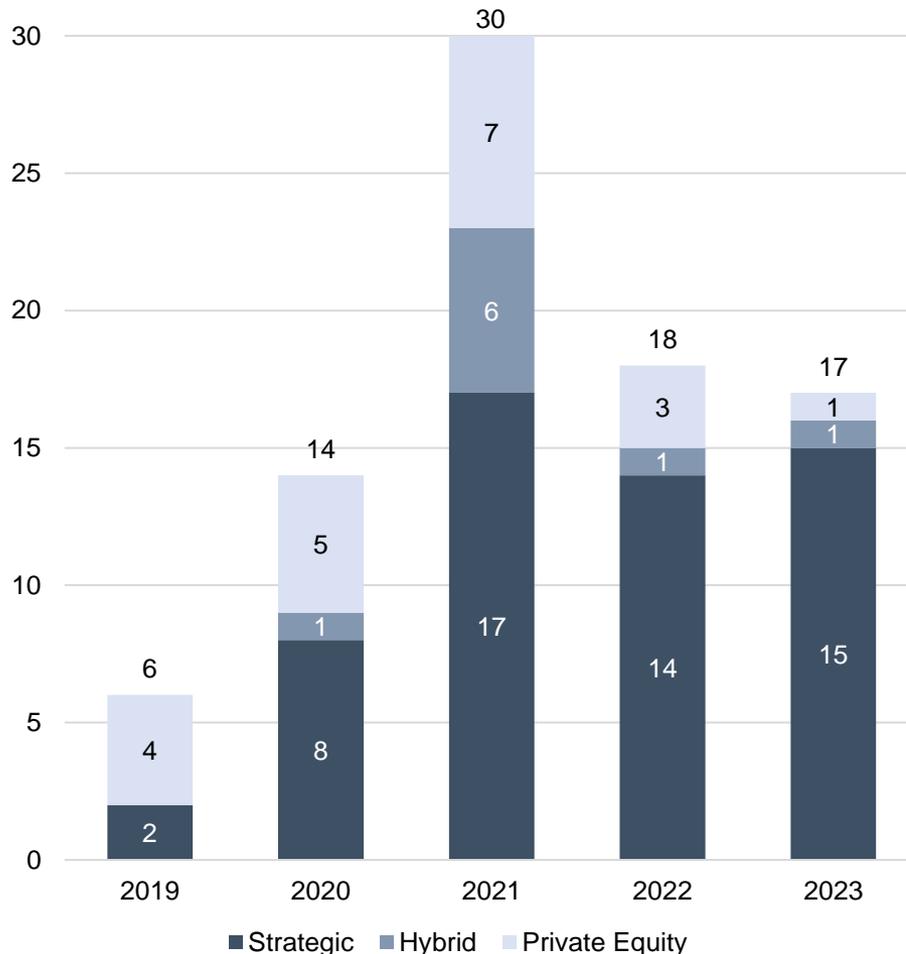
**Builders FirstSource**  
CEO – Dave Rush

**Q1 2024 Earnings Call (May 8<sup>th</sup>, 2024)**  
 “M&A and organic investments have increased value-added products as a percent of our overall mix by 700 basis points over the past two years and by 1,000 basis points if you go back to 2019. Our success with this strategy has been a core component of our improved margin profile through the cycle. We believe there is a long runway of M&A targets in our fragmented market, and we are pleased with recent improvements in the pipeline. Our disciplined approach to M&A includes increasing our market position in desirable geographies, extending our lead in value-added and specialty solutions and enhancing customer retention.”

# Transaction Activity

Rapid consolidation began in recent years, driven by the emergence of select strategic buyers looking to expand customer penetration via aggressive acquisition strategies

Lumber & Building Materials Distribution Transactions by Type



Recent Lumber & Building Materials Distribution Transactions

Seller	Acquirer	Date
SCHOENEMAN'S BUILDING MATERIALS CENTER 5775 Snodgrass Street, 948	Builders FirstSource	May – 2024
Golden Rule LUMBER & HARDWARE	R.P. LUMBER	Feb – 2024
MALONE Home Center	NB NATION'S BEST	Jan – 2024
GROSS-YOWELL BUILDING SUPPLY • LUMBER • ROOFING WINDOWS • DOORS • HARDWARE	SQUARE	Jan – 2024
ENCORE Building Products	Builders FirstSource	Dec – 2023
Big Lake Best Lumber	Star Equity Holdings	Oct – 2023
FRANCIS-SCHULZE COMPANY	TRIMLITE (Wynnchurch Capital)	Sep – 2023
CAIN HARDWARE AND LUMBER	NB NATION'S BEST	Jul – 2023
Church's Lumber Yards	Builders FirstSource	Jul – 2023
WSC WALLBOARD SUPPLY	LAW SUPPLY	Apr – 2023
ECMD		Mar – 2023
PRINCE BUILDING SYSTEMS	Beacon	Mar – 2023
Best PATRICK BUILDING SUPPLY & RENTAL	NB NATION'S BEST	Mar – 2023
GOODRICH SINCE 1960	COURT SQUARE	Nov – 2022

# Active Consolidators

The sector has multiple active platforms expanding through roll-up acquisitions



# Specialty Distribution Coverage

Founders has focused coverage efforts on the specialty distribution sector

## Specialty Distribution Coverage

### Commercial and Industrial

Automotive & Heavy-Duty Aftermarket



Equipment Dealers



Fastener / MRO



Fluid Power



Foodservice



Gases & Welding Equipment



Hoses & Fittings



Janitorial & Sanitation



Specialty Chemical



### Building Products

Electrical



HVACR



Landscape Supplies



Lumber & Building Materials



Pipes, Valves, & Fittings



Plumbing



Pool & Spa



Roofing



Wallboard / Gypsum



## Recent Specialty Distribution Transactions



**April 2024**

Provider of contract packaging and turnkey fulfillment service and delivery



**December 2023**

Provider of parts, systems, and equipment for aggregate and mineral producer end markets



**October 2023**

Distributes and services heavy-duty truck and trailer parts for a regional customer base



**March 2023**

Distributes fasteners and strut accessories to OEM and construction end markets



**March 2023**

Distributes refrigeration parts and equipment to restaurants, bars, and supermarkets



**September 2022**

Distributes lumber and building materials to residential construction end markets



**July 2022**

Distributes and services industrial valves and other flow control products across the Southeast



**June 2022**

Distributes heavy-duty truck parts and accessories to enthusiasts via the e-commerce channel



**December 2021**

Distributes plumbing supplies and fixtures to residential repair and construction end markets



**October 2021**

Distributes pool and spa products to dealers in the Southeast

# Industrials Group Overview

With expertise across many Industrial sectors, our group brings valuable knowledge, contacts, and resources to our clients

## Overview

- Founders' Industrials Group consists of 15 professionals who bring a wealth of knowledge, industry expertise, and commitment to our clients
- Our Senior Bankers have over 90 years of collective experience in industry and investment banking providing expert M&A advisory services to founder-owned companies
- Our deal teams are typically comprised of four professionals that are dedicated to helping our clients navigate complex M&A transactions and achieve their strategic and personal goals

## Experience Across a Wide Array of Sectors

Advanced Mfg. and Process Equipment

Facility and Industrial Services

Advanced Materials

Plastics & Packaging

Automation & IIoT

Power and Infrastructure

Connectors and Electronics

Specialty Distribution

Construction and Building Materials

Test & Measurement

## Recent Transactions



April 2024



February 2024



December 2023



November 2023



October 2023



August 2023



March 2023

# Founders Overview

Founders utilizes proven expertise and process-based solutions to produce exceptional outcomes for our clients

- Independent merger and acquisition advisory firm focused on private businesses for the last 20 years
- Expertise across five industries that include Consumer, Healthcare, Industrials, and Technology & Business Services
- Senior bankers with decades of experience in investment banking, private equity, business development, and industry
- Headquartered in Birmingham, AL, with an additional office in Dallas, TX

# FOUNDERS ADVISORS

2003

*Year founded*

45+

*Professionals*

90%+

*Percentage of clients that are family owned*

## INDUSTRY COVERAGE

Industrials



Technology



Consumer



Healthcare



Business Services



# FOUNDERS

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## ADVISORS

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