

Lumber & Building Materials Distribution Market Update

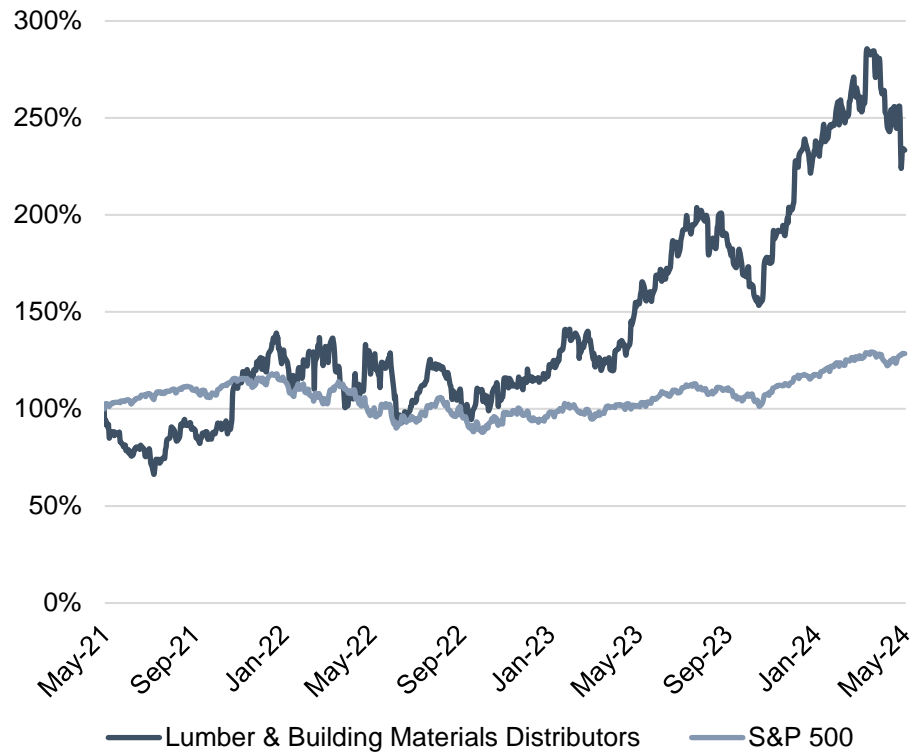
May 2024



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

BLUELINX



Boise Cascade



Lumber & Building Materials EV / EBITDA Multiples



2024 M&A Strategy Outlook



Builders FirstSource
CEO – Dave Rush

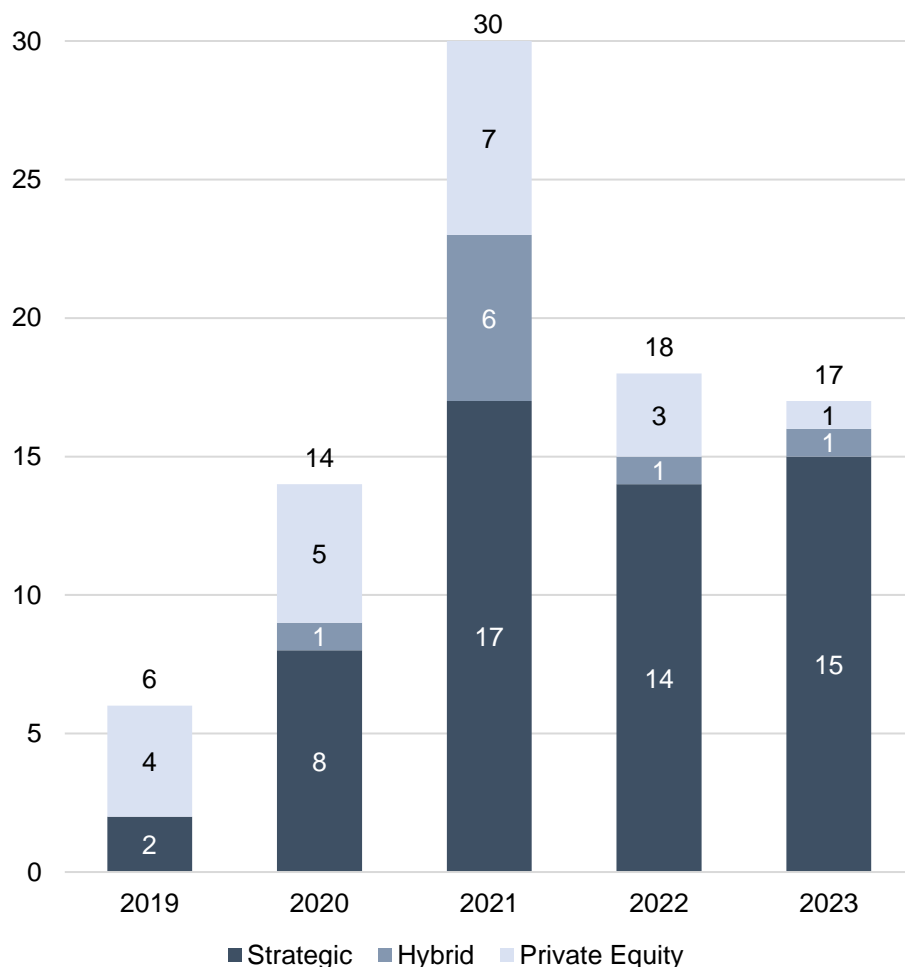
Q1 2024 Earnings Call (May 8th, 2024)

“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

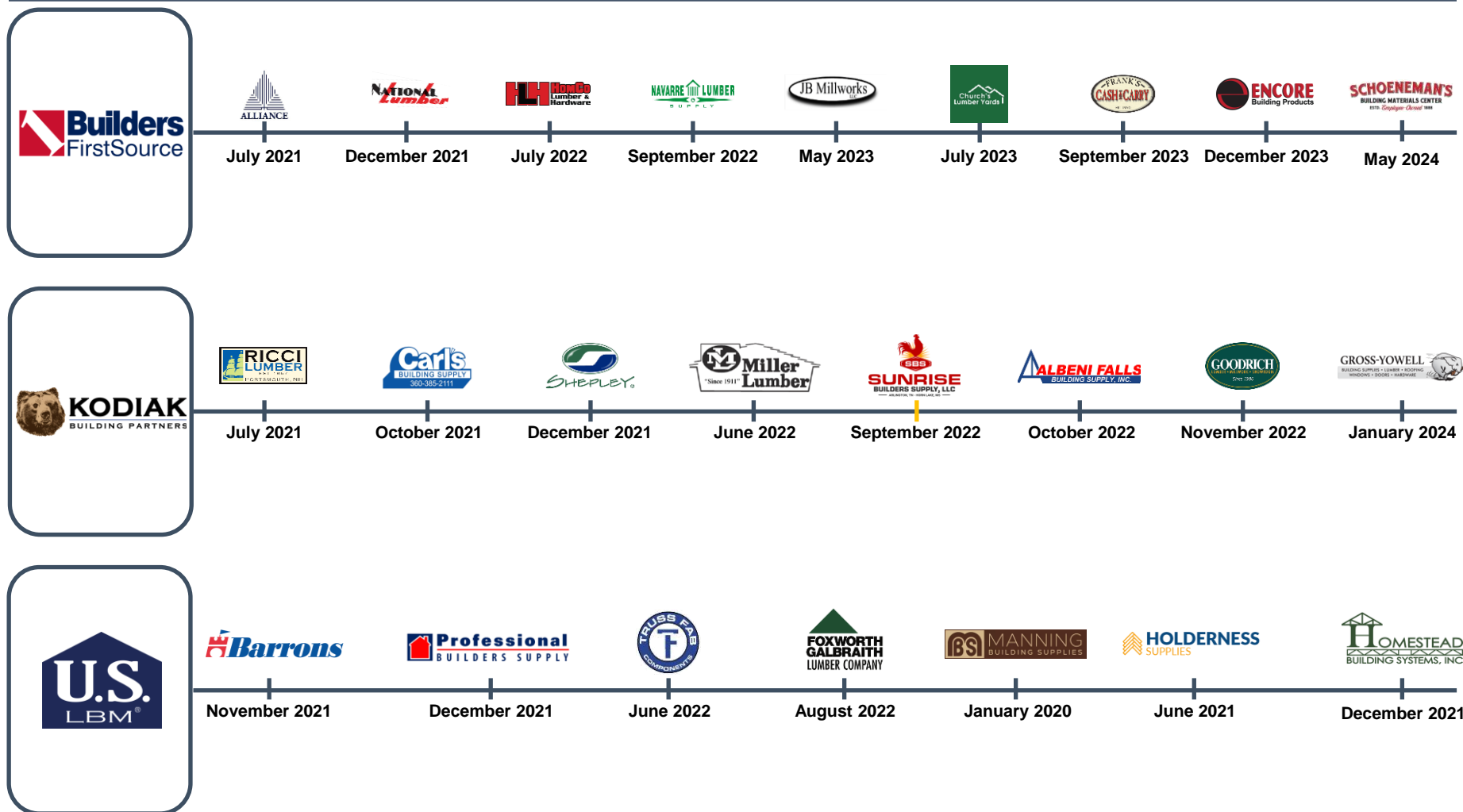


Recent Lumber & Building Materials Distribution Transactions

Seller	Acquirer	Date
SCHOENEMAN'S BUILDING MATERIALS CENTER 5775 Spangler Street, Suite 100	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 I	Builders FirstSource	Jul – 2023
WSC WALLBOARD SUPPLY	LAW SUPPLY NATIONWIDE STRENGTH LOCAL COMMITMENT	Apr – 2023
PRINCE BUILDING SYSTEMS	ECMD	Mar – 2023
Best PATRICK BUILDING SUPPLY & RENTAL	Beacon	Mar – 2023
GOODRICH LUMBER & BUILDING MATERIALS SINCE 1965	NB NATION'S BEST	Mar – 2023
	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



October 2023

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



March 2023

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



July 2022

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



December 2021

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



December 2023

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



March 2023

Distributes fasteners and strut accessories to OEM and construction end markets



September 2022

Distributes lumber and building materials to residential construction end markets



June 2022

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



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

INDUSTRY COVERAGE

Industrials



Technology



Consumer



Healthcare



Business Services



45+

Professionals

90%+

*Percentage of
clients that are
family owned*

FOUNDERS

ADVISORS

BIRMINGHAM | DALLAS

2400 Fifth Avenue South, Suite 100 • Birmingham, AL 35233 • 205.949.2043

To provide securities-related services, certain principals of Founders Advisors, LLC are licensed with Founders M&A Advisory, LLC, member [FINRA](#) & [SIPC](#). Founders M&A Advisory is a wholly owned subsidiary of Founders Advisors. Neither Founders M&A Advisory nor Founders Advisors provide investment advice.