



# Building Products Industry Update: Lighting

Summer 2016



Investment Banking Solutions for the Middle Market

## Lighting Sector Outlook

Global demand for lighting fixtures is projected to exceed \$200 billion by 2020P, representing a Compound Annual Growth Rate (“CAGR”) of 6.9% throughout the forecast period. The expected increase is largely attributable to expanding end use markets throughout Asia and other developing regions undergoing rapid industrialization. Demand for indoor non-portable fixtures embodied the lighting industry’s largest category, exceeding \$54 billion in 2015. Projected growth in the segment stems from continual improvement in the global residential construction environment. Additionally, the non-portable category provides opportunity for retrofit projects intended to improve the efficiency of preexisting lighting systems, a principal driver of the retrofit market.

Non-residential building construction applications account for approximately 38% of overall lighting demand. The fastest gains in this sector are anticipated to be driven by industrialization. In the particular cases of India and China, growth in the sector will be a byproduct of stimulation in both residential and non-residential construction markets and increased manufacturing in the vehicle sector.

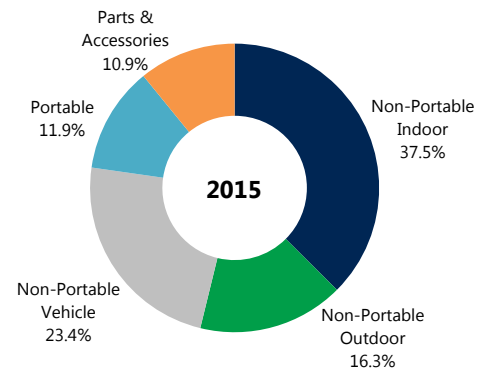
Production trends in the lighting industry are notably different by region. China represents the largest manufacturer of lighting parts, developing nearly 35% of 2015 global output. The remaining 65% of production was fragmented between the U.S., Japan, Germany, and South Korea. Fabrication is forecast to evolve in developing countries by way of industrial and economic development, climbing construction expenditures, and growth in motor vehicle assembly and usage.

U.S. demand for lighting fixtures is forecast to grow annually at 7.7%, led by demand for indoor non-portable fixtures and expansion of applications in non-residential and residential activities. Volatility related to new construction is partially offset by relatively stable aftermarket construction activity, where lighting fixtures are sold in replacement, retrofit, and building renovations. The U.S. lighting market is host to a variety of legislation, regulation, and standards imposed by federal and state

governments, building code organizations, and industry associations. The Energy Independence and Security Act of 2007 (“EISA”) put into place new efficiency standards for all general service lamps, requiring manufacturers to regulate the maximum usable energy per lumen of light output. Beginning January 2012, all medium screw base light bulbs require display of the Federal Trade Commission (“FTC”) consumer label, designed to aid consumers’ ability to compare light bulb efficiency.

### World Lighting Demand by Application

For the Year Ended December 31, 2015

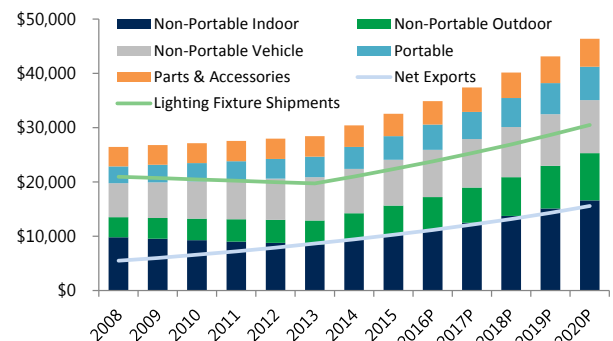


Source: Freedonia

World trade is bolstered by demand from larger developing countries including Brazil, Russia, India, and China (“BRICs”). As the second largest regional market for lighting fixtures, North America accounted for almost 20% of 2015 consumption, with the U.S. constituting nearly 80% of North American demand.

### U.S. Lighting Demand by Application

For the Years Ended and Ending December 31, 2008 – 2020P (\$ in millions)



Source: Freedonia



# Building Products: Lighting

## Summary Statistics

### Non-Portable Lighting Demand:

- 2015 Market Size – \$111 billion
- 2015/2009 CAGR – 5.6%
- 2020P/2015 CAGR – 7.1%

### Portable Lighting Demand:

- 2015 Market Size – \$17 billion
- 2015/2009 CAGR – 4.4%
- 2020P/2015 CAGR – 6.1%

### Lighting Parts and Accessories Demand:

- 2015 Market Size – \$16 billion
- 2015/2009 CAGR – 4.9%
- 2020P/2015 CAGR – 6.4%

### Residential Market Demand:

- 2015 Market Size – \$17 billion
- 2015/2009 CAGR – 5.1%
- 2020P/2015 CAGR – 8.4%

### Non-Residential Market Demand:

- 2015 Market Size – \$55 billion
- 2015/2009 CAGR – 4.8%
- 2020P/2015 CAGR – 7.6%

### Non-Building Market Demand:

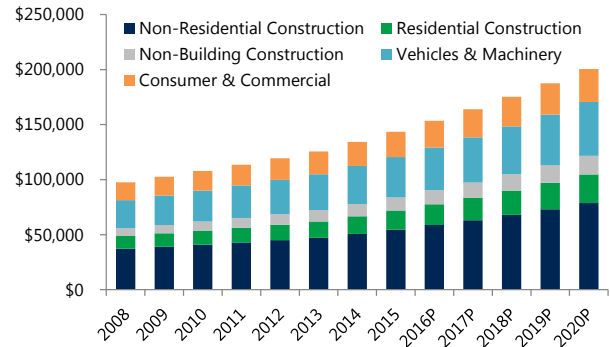
- 2015 Market Size – \$12 billion
- 2015/2009 CAGR – 7.7%
- 2020P/2015 CAGR – 7.3%

### Vehicles and Consumer Market Demand:

- 2015 Market Size – \$60 billion
- 2015/2009 CAGR – 5.0%
- 2020P/2015 CAGR – 5.8%

## World Lighting Demand by End Market

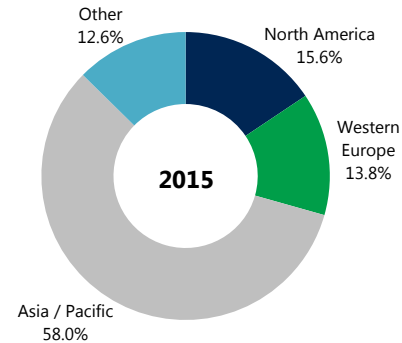
For the Years Ended and Ending December 31, 2008 -2020P  
(\$ in millions)



Source: Freedonia

## World Lighting Demand by Region

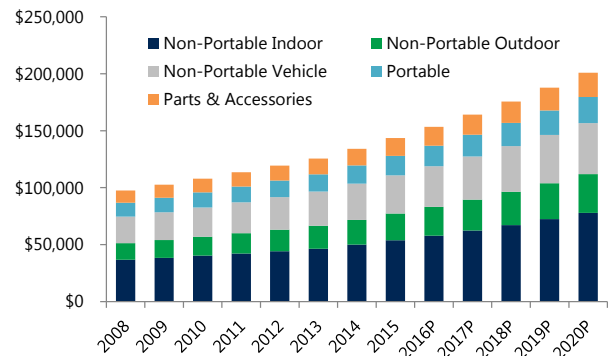
For the Year Ended December 31, 2015



Source: Freedonia

## World Lighting Demand by Application

For the Years Ended and Ending December 31, 2008 -2020P  
(\$ in millions)



Source: Freedonia

## Public Company Comparison

Publicly-traded building products companies have generally outperformed the broader equity market (i.e., S&P 500 Index) trends over the past five years, and have been steadily expanding through the first five months of 2016. As of June 8, 2016, the median publically tracked lighting company was trading at 90.0% of its 52 week high. Public company valuations multiples remain strong in the

recovery period following the steep decline preceding 2010. The average Earnings Before Interest, Tax, Depreciation, and Amortization ("EBITDA") multiple for building products companies was 11.2x as of June 8, 2016. Publicly-traded building products tracked grew their revenue base throughout the last twelve months at an average rate of 2.3%.

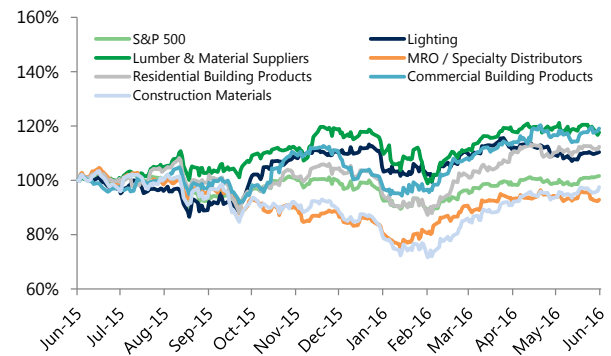
### Relative Stock Price Performance

As of June 8, 2016

|                                                           | Price as of<br>06/08/16 | 52 Week         |                | % of High    |
|-----------------------------------------------------------|-------------------------|-----------------|----------------|--------------|
|                                                           |                         | High            | Low            |              |
| <b>Lumber &amp; Building Material Suppliers</b>           |                         |                 |                |              |
| Beacon Roofing Supply, Inc.                               | \$43.15                 | \$45.72         | \$29.88        | 94.4%        |
| Bluelinx Holdings Inc.                                    | 0.73                    | 1.15            | 0.30           | 63.5%        |
| Builders FirstSource, Inc.                                | 12.30                   | 16.69           | 6.50           | 73.7%        |
| The Home Depot, Inc.                                      | 129.59                  | 137.82          | 92.17          | 94.0%        |
| Lowe's Companies, Inc.                                    | 78.88                   | 80.76           | 62.62          | 97.7%        |
| Universal Forest Products Inc.                            | 87.69                   | 88.91           | 50.40          | 98.6%        |
| <b>Median</b>                                             | <b>\$61.02</b>          | <b>\$63.24</b>  | <b>\$40.14</b> | <b>94.2%</b> |
| <b>MRO / Specialty Product Distributors</b>               |                         |                 |                |              |
| W.W. Grainger, Inc.                                       | \$230.61                | \$246.00        | \$176.85       | 93.7%        |
| Watsco Inc.                                               | 136.69                  | 138.30          | 106.58         | 98.8%        |
| WESCO International Inc.                                  | 61.59                   | 74.10           | 34.00          | 83.1%        |
| Wolseley plc                                              | 53.80                   | 64.00           | 46.77          | 84.1%        |
| <b>Median</b>                                             | <b>\$99.14</b>          | <b>\$106.20</b> | <b>\$76.68</b> | <b>88.9%</b> |
| <b>Residential Focused Building Product Manufacturers</b> |                         |                 |                |              |
| American Woodmark Corp.                                   | \$65.79                 | \$89.89         | \$53.60        | 73.2%        |
| Griffon Corporation                                       | 17.23                   | 19.24           | 13.45          | 89.6%        |
| Masco Corporation                                         | 32.01                   | 32.92           | 22.52          | 97.2%        |
| Mohawk Industries Inc.                                    | 201.03                  | 212.16          | 148.56         | 94.8%        |
| PGT, Inc.                                                 | 11.14                   | 16.28           | 8.69           | 68.4%        |
| Quanex Building Products Corporation                      | 19.68                   | 21.93           | 15.33          | 89.7%        |
| The Sherwin-Williams Company                              | 295.30                  | 309.00          | 218.27         | 95.6%        |
| Simpson Manufacturing Co., Inc.                           | 39.89                   | 40.00           | 30.25          | 99.7%        |
| USG Corporation                                           | 28.13                   | 32.88           | 15.85          | 85.6%        |
| <b>Median</b>                                             | <b>\$32.01</b>          | <b>\$32.92</b>  | <b>\$22.52</b> | <b>89.7%</b> |
| <b>Commercial Focused Building Product Manufacturers</b>  |                         |                 |                |              |
| Lennox International, Inc.                                | \$141.10                | \$143.19        | \$105.65       | 98.5%        |
| Valmont Industries, Inc.                                  | 138.06                  | 145.94          | 92.33          | 94.6%        |
| <b>Median</b>                                             | <b>\$139.58</b>         | <b>\$144.57</b> | <b>\$98.99</b> | <b>96.6%</b> |
| <b>Construction Materials</b>                             |                         |                 |                |              |
| CEMEX, S.A.B. de C.V.                                     | \$6.86                  | \$9.40          | \$3.50         | 73.0%        |
| CRH plc                                                   | 31.17                   | 32.31           | 23.27          | 96.5%        |
| Eagle Materials Inc.                                      | 82.32                   | 87.04           | 45.03          | 94.6%        |
| Granite Construction Incorporated                         | 45.62                   | 48.59           | 28.45          | 93.9%        |
| LafargeHolcim Ltd.                                        | 46.56                   | 76.35           | 34.68          | 61.0%        |
| Martin Marietta Materials, Inc.                           | 189.80                  | 193.87          | 108.31         | 97.9%        |
| MDU Resources Group Inc.                                  | 23.43                   | 23.59           | 15.58          | 99.3%        |
| Monarch Cement Co.                                        | 36.75                   | 37.50           | 28.50          | 98.0%        |
| United States Lime & Minerals, Inc.                       | 56.85                   | 63.59           | 45.56          | 89.4%        |
| U.S. Concrete, Inc.                                       | 64.18                   | 69.66           | 36.37          | 92.1%        |
| Vulcan Materials Company                                  | 118.36                  | 120.40          | 78.83          | 98.3%        |
| <b>Median</b>                                             | <b>\$46.56</b>          | <b>\$63.59</b>  | <b>\$34.68</b> | <b>94.6%</b> |
| <b>Lighting</b>                                           |                         |                 |                |              |
| Acuity Brands, Inc.                                       | \$259.45                | \$264.00        | \$168.33       | 98.3%        |
| Energy Focus, Inc.                                        | 6.08                    | 29.20           | 5.68           | 20.8%        |
| General Electric Company                                  | 30.31                   | 32.05           | 19.37          | 94.6%        |
| Hella KGaA Hueck & Co.                                    | 39.20                   | 52.72           | 35.04          | 74.4%        |
| Koito Manufacturing Co. Ltd.                              | 49.12                   | 53.25           | 33.61          | 92.3%        |
| Koninklijke Philips N.V.                                  | 26.78                   | 29.75           | 23.34          | 90.0%        |
| Ushio Inc.                                                | 12.44                   | 17.43           | 11.63          | 71.4%        |
| <b>Median</b>                                             | <b>\$30.31</b>          | <b>\$32.05</b>  | <b>\$23.34</b> | <b>90.0%</b> |

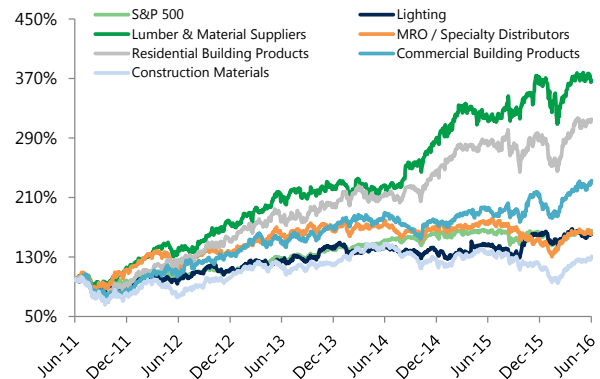
### 1-Year Historical Stock Performance

For the Period Ended June 8, 2016



### 5-Year Historical Stock Performance

For the Period Ended June 8, 2016



Market Data Provided by S&P Capital IQ

Lighting: NYSE:AYI, NASDAQCM:EF0I, NYSE:GE, DB:HLE, TSE:7276, ENXTAM:PHIA, TSE:6925



# Building Products: Lighting

## Building Products Industry Analysis

### Industry Financial Analysis

As of June 8, 2016

(\$ in millions)

|                                                           | Last Twelve Months |                |                | LTM Margins  |              |              | YoY Change    |             |               |               |
|-----------------------------------------------------------|--------------------|----------------|----------------|--------------|--------------|--------------|---------------|-------------|---------------|---------------|
|                                                           | Revenue            | EBIT           | EBITDA         | Gross        | EBIT         | EBITDA       | LTM Revenue   | LTM Margins |               |               |
|                                                           |                    |                |                |              |              |              |               | Gross       | EBIT          | EBITDA        |
| <b>Lumber &amp; Building Material Suppliers</b>           |                    |                |                |              |              |              |               |             |               |               |
| Beacon Roofing Supply, Inc.                               | \$3,306.0          | \$171.0        | \$237.1        | 23.9%        | 5.2%         | 7.2%         | 37.8%         | 4.5%        | 73.4%         | 82.3%         |
| Bluelinx Holdings Inc.                                    | 1,936.0            | 19.2           | 29.2           | 11.9%        | 1.0%         | 1.5%         | (2.7%)        | 4.3%        | nm            | 69.3%         |
| Builders FirstSource, Inc.                                | 4,590.6            | 133.9          | 219.9          | 25.4%        | 2.9%         | 4.8%         | 181.8%        | 13.3%       | nm            | nm            |
| The Home Depot, Inc.                                      | 90,390.0           | 12,193.0       | 14,088.0       | 34.2%        | 13.5%        | 15.6%        | 7.1%          | 0.0%        | 13.1%         | 12.0%         |
| Lowe's Companies, Inc.                                    | 60,179.0           | 5,369.0        | 6,948.0        | 34.7%        | 8.9%         | 11.5%        | 5.7%          | (0.2%)      | 7.9%          | 6.0%          |
| Universal Forest Products Inc.                            | 2,936.2            | 149.7          | 191.1          | 14.4%        | 5.1%         | 6.5%         | 7.2%          | 16.5%       | 50.1%         | 38.7%         |
| <b>Median</b>                                             | <b>\$3,948.3</b>   | <b>\$160.3</b> | <b>\$228.5</b> | <b>24.7%</b> | <b>5.1%</b>  | <b>6.8%</b>  | <b>7.2%</b>   | <b>4.4%</b> | <b>31.6%</b>  | <b>38.7%</b>  |
| <b>MRO / Specialty Product Distributors</b>               |                    |                |                |              |              |              |               |             |               |               |
| W.W. Grainger, Inc.                                       | \$10,040.3         | \$1,325.2      | \$1,512.0      | 41.7%        | 13.2%        | 15.1%        | 0.2%          | (3.7%)      | (6.6%)        | (5.4%)        |
| Watsco Inc.                                               | 4,155.7            | 337.9          | 357.3          | 24.4%        | 8.1%         | 8.6%         | 4.1%          | 0.3%        | 6.6%          | 6.6%          |
| WESCO International Inc.                                  | 7,478.1            | 356.1          | 411.2          | 19.8%        | 4.8%         | 5.5%         | (5.3%)        | (2.5%)      | (22.7%)       | (20.5%)       |
| Wolseley plc                                              | 19,915.2           | 1,203.5        | 1,430.5        | 28.2%        | 6.0%         | 7.2%         | 8.2%          | 1.1%        | 12.4%         | 11.7%         |
| <b>Median</b>                                             | <b>\$8,759.2</b>   | <b>\$779.8</b> | <b>\$920.9</b> | <b>26.4%</b> | <b>7.1%</b>  | <b>7.9%</b>  | <b>5.6%</b>   | <b>0.7%</b> | <b>9.5%</b>   | <b>9.2%</b>   |
| <b>Residential Focused Building Product Manufacturers</b> |                    |                |                |              |              |              |               |             |               |               |
| American Woodmark Corp.                                   | \$947.0            | \$93.2         | \$108.9        | 21.1%        | 9.8%         | 11.5%        | 14.7%         | 14.1%       | 71.1%         | 66.6%         |
| Griffon Corporation                                       | 2,008.1            | 103.5          | 173.0          | 23.6%        | 5.2%         | 8.6%         | (1.2%)        | 0.7%        | 10.8%         | 6.8%          |
| Masco Corporation                                         | 7,203.0            | 995.0          | 1,123.0        | 32.3%        | 13.8%        | 15.6%        | 2.4%          | 8.2%        | 27.6%         | 23.5%         |
| Mohawk Industries Inc.                                    | 8,362.4            | 1,119.4        | 1,492.3        | 31.0%        | 13.4%        | 17.8%        | 6.2%          | 9.9%        | 28.2%         | 23.3%         |
| PGT, Inc.                                                 | 394.7              | 48.7           | 59.1           | 29.9%        | 12.3%        | 15.0%        | 16.4%         | (2.6%)      | 7.9%          | 14.6%         |
| Quanex Building Products Corporation                      | 806.6              | 35.0           | 81.0           | 23.3%        | 4.3%         | 10.0%        | 33.6%         | 10.7%       | nm            | 63.9%         |
| The Sherwin-Williams Company                              | 11,463.0           | 1,684.8        | 1,882.6        | 49.6%        | 14.7%        | 16.4%        | 2.2%          | 6.8%        | 16.6%         | 14.5%         |
| Simpson Manufacturing Co., Inc.                           | 817.1              | 124.6          | 151.3          | 45.8%        | 15.3%        | 18.5%        | 7.5%          | 0.9%        | 25.9%         | 19.5%         |
| USG Corporation                                           | 3,837.0            | 431.0          | 573.0          | 19.1%        | 11.2%        | 14.9%        | 1.4%          | 8.8%        | 33.4%         | 20.6%         |
| <b>Median</b>                                             | <b>\$2,008.1</b>   | <b>\$124.6</b> | <b>\$173.0</b> | <b>29.9%</b> | <b>12.3%</b> | <b>15.0%</b> | <b>6.2%</b>   | <b>8.2%</b> | <b>26.7%</b>  | <b>20.6%</b>  |
| <b>Commercial Focused Building Product Manufacturers</b>  |                    |                |                |              |              |              |               |             |               |               |
| Lennox International, Inc.                                | \$3,496.8          | \$379.8        | \$441.3        | 27.8%        | 10.9%        | 12.6%        | 4.1%          | 4.0%        | 17.3%         | 14.6%         |
| Valmont Industries, Inc.                                  | 2,545.1            | 230.9          | 318.7          | 25.1%        | 9.1%         | 12.5%        | (16.3%)       | (0.1%)      | (26.4%)       | (21.7%)       |
| <b>Median</b>                                             | <b>\$3,021.0</b>   | <b>\$305.3</b> | <b>\$380.0</b> | <b>26.5%</b> | <b>10.0%</b> | <b>12.6%</b> | <b>(6.1%)</b> | <b>1.9%</b> | <b>(4.6%)</b> | <b>(3.6%)</b> |
| <b>Construction Materials</b>                             |                    |                |                |              |              |              |               |             |               |               |
| CEMEX, S.A.B. de C.V.                                     | \$12,834.0         | \$1,531.4      | \$2,396.9      | 33.7%        | 11.9%        | 18.7%        | 8.9%          | 3.1%        | 13.6%         | 11.8%         |
| CRH plc                                                   | 26,942.1           | 1,470.5        | 2,501.0        | 30.8%        | 5.5%         | 9.3%         | 21.6%         | 4.5%        | 32.9%         | 31.7%         |
| Eagle Materials Inc.                                      | 1,143.5            | 231.8          | 328.9          | 23.3%        | 20.3%        | 28.8%        | 7.2%          | (2.2%)      | 2.3%          | 8.6%          |
| Granite Construction Incorporated                         | 2,390.2            | 91.2           | 153.6          | 12.7%        | 3.8%         | 6.4%         | 3.2%          | 13.3%       | 46.6%         | 17.9%         |
| LafargeHolcim Ltd.                                        | 26,806.8           | (768.9)        | 1,415.8        | 29.3%        | (2.9%)       | 5.3%         | 37.5%         | (34.1%)     | nm            | nm            |
| Martin Marietta Materials, Inc.                           | 3,370.2            | 560.9          | 825.6          | 23.5%        | 16.6%        | 24.5%        | 15.0%         | 18.2%       | 39.0%         | 26.8%         |
| MDU Resources Group Inc.                                  | 4,234.4            | 269.3          | 504.3          | 15.3%        | 6.4%         | 11.9%        | 3.9%          | (4.1%)      | (10.1%)       | 10.4%         |
| Monarch Cement Co.                                        | 153.4              | 22.5           | 37.4           | 25.1%        | 14.7%        | 24.4%        | 4.1%          | 18.1%       | 48.5%         | 28.8%         |
| Texas Industries Inc.                                     | 912.1              | 25.9           | 103.3          | 11.0%        | 2.8%         | 11.3%        | 0.0%          | 0.0%        | 0.0%          | 0.0%          |
| United States Lime & Minerals, Inc.                       | 134.4              | 21.1           | 37.1           | 34.6%        | 15.7%        | 27.6%        | (6.2%)        | 1.0%        | (13.6%)       | (6.3%)        |
| U.S. Concrete, Inc.                                       | 1,048.4            | 80.4           | 127.4          | 21.0%        | 7.7%         | 12.1%        | 43.9%         | 9.4%        | 71.6%         | 71.9%         |
| Vulcan Materials Company                                  | 3,545.6            | 620.5          | 898.0          | 26.6%        | 17.5%        | 25.3%        | 16.2%         | 28.7%       | 78.2%         | 43.7%         |
| <b>Median</b>                                             | <b>\$2,880.2</b>   | <b>\$161.5</b> | <b>\$416.6</b> | <b>24.3%</b> | <b>9.8%</b>  | <b>15.4%</b> | <b>8.1%</b>   | <b>3.8%</b> | <b>32.9%</b>  | <b>17.9%</b>  |
| <b>Lighting</b>                                           |                    |                |                |              |              |              |               |             |               |               |
| Acuity Brands, Inc.                                       | \$2,957.6          | \$445.8        | \$499.4        | 43.1%        | 15.1%        | 16.9%        | 13.1%         | 1.8%        | 21.5%         | 21.2%         |
| Energy Focus, Inc.                                        | 60.2               | 6.3            | 6.7            | 45.3%        | 10.5%        | 11.1%        | 98.4%         | 19.5%       | nm            | nm            |
| General Electric Company                                  | 117,654.0          | 8,822.0        | 15,391.0       | 20.3%        | 7.5%         | 13.1%        | 4.1%          | (3.2%)      | (31.2%)       | (14.5%)       |
| Hella KGaA Hueck & Co.                                    | 7,148.3            | 509.6          | 929.9          | 26.9%        | 7.1%         | 13.0%        | 7.5%          | 0.5%        | 11.7%         | 13.8%         |
| Koito Manufacturing Co. Ltd.                              | 7,625.8            | 770.7          | 1,077.7        | 16.8%        | 10.1%        | 14.1%        | 15.1%         | 8.1%        | 28.2%         | 27.6%         |
| Koninklijke Philips N.V.                                  | 27,839.3           | 1,605.0        | 2,665.1        | 41.8%        | 5.8%         | 9.6%         | 10.8%         | 0.7%        | 9.2%          | 8.8%          |
| Ushio Inc.                                                | 1,679.1            | 123.1          | 193.4          | 38.2%        | 7.3%         | 11.5%        | 12.4%         | (0.8%)      | 26.8%         | 26.7%         |
| <b>Median</b>                                             | <b>\$7,148.3</b>   | <b>\$509.6</b> | <b>\$929.9</b> | <b>38.2%</b> | <b>7.5%</b>  | <b>13.0%</b> | <b>12.4%</b>  | <b>0.7%</b> | <b>16.6%</b>  | <b>17.5%</b>  |

Source: Capital IQ



# Building Products: Lighting

## Industry Valuations

As of June 8, 2016

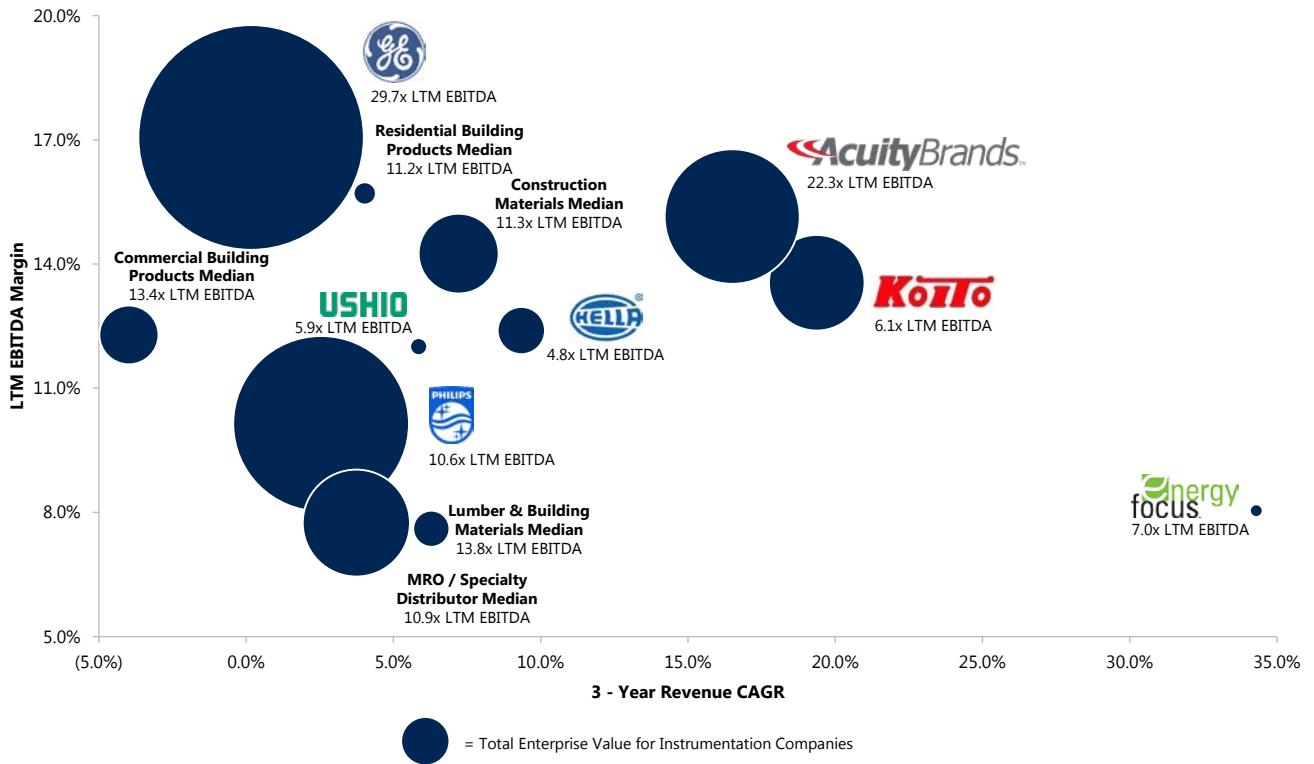
(\$ in millions)

|                                                                  | Market Cap       | Enterprise Value* | Total Debt / |              | Enterprise Value / LTM |              |              |
|------------------------------------------------------------------|------------------|-------------------|--------------|--------------|------------------------|--------------|--------------|
|                                                                  |                  |                   | LTM EBITDA   | Capital      | Revenue                | EBIT         | EBITDA       |
| <b><u>Lumber &amp; Building Material Suppliers</u></b>           |                  |                   |              |              |                        |              |              |
| Beacon Roofing Supply, Inc.                                      | \$2,568.5        | \$3,624.4         | 4.5x         | 41.7%        | 1.1x                   | 21.2x        | 15.3x        |
| Bluelinx Holdings Inc.                                           | 63.9             | 503.9             | 15.3x        | nm           | 0.3x                   | 26.2x        | 17.3x        |
| Builders FirstSource, Inc.                                       | 1,217.7          | 3,141.1           | 8.8x         | nm           | 0.7x                   | 23.5x        | 14.3x        |
| The Home Depot, Inc.                                             | 169,377.1        | 188,549.1         | 1.5x         | 12.4%        | 2.1x                   | 15.5x        | 13.4x        |
| Lowe's Companies, Inc.                                           | 69,102.8         | 81,039.8          | 1.8x         | 18.3%        | 1.3x                   | 15.1x        | 11.7x        |
| Universal Forest Products Inc.                                   | 1,657.6          | 1,706.5           | 0.4x         | 5.2%         | 0.6x                   | 11.4x        | 8.9x         |
| <b>Median</b>                                                    | <b>\$2,113.0</b> | <b>\$3,382.7</b>  | <b>3.2x</b>  | <b>15.3%</b> | <b>0.9x</b>            | <b>18.3x</b> | <b>13.8x</b> |
| <b><u>MRO / Specialty Product Distributors</u></b>               |                  |                   |              |              |                        |              |              |
| W.W. Grainger, Inc.                                              | \$14,033.6       | \$15,943.9        | 1.4x         | 14.9%        | 1.6x                   | 12.0x        | 10.5x        |
| Watsco Inc.                                                      | 4,319.2          | 4,777.5           | 0.7x         | 5.5%         | 1.1x                   | 14.1x        | 13.4x        |
| WESCO International Inc.                                         | 2,321.6          | 3,656.3           | 3.6x         | 64.0%        | 0.5x                   | 10.3x        | 8.9x         |
| Wolseley plc                                                     | 14,101.3         | 15,960.0          | 2.5x         | 25.1%        | 0.8x                   | 13.3x        | 11.2x        |
| <b>Median</b>                                                    | <b>\$9,176.4</b> | <b>\$10,360.7</b> | <b>1.9x</b>  | <b>20.0%</b> | <b>1.0x</b>            | <b>12.6x</b> | <b>10.9x</b> |
| <b><u>Residential Focused Building Product Manufacturers</u></b> |                  |                   |              |              |                        |              |              |
| American Woodmark Corp.                                          | \$1,186.5        | \$1,024.0         | 0.2x         | 2.1%         | 1.1x                   | 11.0x        | 9.4x         |
| Griffon Corporation                                              | 717.4            | 1,603.7           | 5.4x         | nm           | 0.8x                   | 15.5x        | 9.3x         |
| Masco Corporation                                                | 10,481.5         | 12,605.5          | 3.8x         | 41.0%        | 1.8x                   | 12.7x        | 11.2x        |
| Mohawk Industries Inc.                                           | 14,413.0         | 17,594.8          | 2.2x         | 22.5%        | 2.1x                   | 15.7x        | 11.8x        |
| PGT, Inc.                                                        | 468.8            | 703.1             | 4.2x         | 53.5%        | 1.8x                   | 14.4x        | 11.9x        |
| Quanex Building Products Corporation                             | 629.3            | 922.4             | 4.0x         | 51.0%        | 1.1x                   | 26.3x        | 11.4x        |
| The Sherwin-Williams Company                                     | 27,533.9         | 29,503.0          | 1.1x         | 7.4%         | 2.6x                   | 17.5x        | 15.7x        |
| Simpson Manufacturing Co., Inc.                                  | 1,835.1          | 1,603.1           | 0.0x         | 0.0%         | 2.0x                   | 12.9x        | 10.6x        |
| USG Corporation                                                  | 4,118.9          | 5,679.9           | 3.7x         | 51.3%        | 1.5x                   | 13.2x        | 9.9x         |
| <b>Median</b>                                                    | <b>\$1,835.1</b> | <b>\$1,603.7</b>  | <b>3.7x</b>  | <b>31.8%</b> | <b>1.8x</b>            | <b>14.4x</b> | <b>11.2x</b> |
| <b><u>Commercial Focused Building Product Manufacturers</u></b>  |                  |                   |              |              |                        |              |              |
| Lennox International, Inc.                                       | \$5,993.3        | \$7,052.6         | 2.5x         | 18.3%        | 2.0x                   | 18.6x        | 16.0x        |
| Valmont Industries, Inc.                                         | 3,032.3          | 3,454.0           | 2.4x         | 25.1%        | 1.4x                   | 15.0x        | 10.8x        |
| <b>Median</b>                                                    | <b>\$4,512.8</b> | <b>\$5,253.3</b>  | <b>2.4x</b>  | <b>21.7%</b> | <b>1.7x</b>            | <b>16.8x</b> | <b>13.4x</b> |
| <b><u>Construction Materials</u></b>                             |                  |                   |              |              |                        |              |              |
| CEMEX, S.A.B. de C.V.                                            | \$9,252.0        | \$22,737.7        | 6.0x         | nm           | 1.8x                   | 14.8x        | 9.5x         |
| CRH plc                                                          | 24,252.0         | 32,463.6          | 4.0x         | 41.4%        | 1.2x                   | 22.1x        | 13.0x        |
| Eagle Materials Inc.                                             | 3,770.2          | 4,255.2           | 1.5x         | 13.3%        | 3.7x                   | 18.4x        | 12.9x        |
| Granite Construction Incorporated                                | 1,702.3          | 1,506.2           | 1.7x         | 15.2%        | 0.6x                   | 16.5x        | 9.8x         |
| LafargeHolcim Ltd.                                               | 26,951.1         | 49,927.9          | 16.2x        | 85.2%        | 1.9x                   | nm           | nm           |
| Martin Marietta Materials, Inc.                                  | 11,852.3         | 13,580.8          | 2.1x         | 14.8%        | 4.0x                   | 24.2x        | 16.4x        |
| MDU Resources Group Inc.                                         | 4,306.5          | 6,332.1           | 3.9x         | 46.2%        | 1.5x                   | 23.5x        | 12.6x        |
| Monarch Cement Co.                                               | 131.3            | 139.0             | 0.3x         | 7.4%         | 0.9x                   | 6.2x         | 3.7x         |
| United States Lime & Minerals, Inc.                              | 288.9            | 228.2             | 0.0x         | 0.0%         | 1.7x                   | 10.8x        | 6.1x         |
| U.S. Concrete, Inc.                                              | 994.4            | 1,282.0           | 2.3x         | 29.8%        | 1.2x                   | 15.9x        | 10.1x        |
| Vulcan Materials Company                                         | 15,468.5         | 17,258.1          | 2.2x         | 12.8%        | 4.9x                   | 27.8x        | 19.2x        |
| <b>Median</b>                                                    | <b>\$4,306.5</b> | <b>\$6,332.1</b>  | <b>2.2x</b>  | <b>13.8%</b> | <b>1.7x</b>            | <b>17.4x</b> | <b>11.3x</b> |
| <b><u>Lighting</u></b>                                           |                  |                   |              |              |                        |              |              |
| Acuity Brands, Inc.                                              | \$11,024.1       | \$11,153.5        | 0.7x         | 3.2%         | 3.8x                   | 25.0x        | 22.3x        |
| Energy Focus, Inc.                                               | 77.3             | 47.1              | 0.0x         | 0.0%         | 0.8x                   | 7.4x         | 7.0x         |
| General Electric Company                                         | 275,502.0        | 456,963.0         | 12.1x        | 67.5%        | 3.9x                   | nm           | nm           |
| Hella KGaA Hueck & Co.                                           | 4,151.7          | 4,497.2           | 1.3x         | 29.3%        | 0.6x                   | 8.8x         | 4.8x         |
| Koito Manufacturing Co. Ltd.                                     | 7,335.8          | 6,623.9           | 0.3x         | 5.0%         | 0.9x                   | 8.6x         | 6.1x         |
| Koninklijke Philips N.V.                                         | 23,341.2         | 28,364.7          | 2.4x         | 27.8%        | 1.0x                   | 17.7x        | 10.6x        |
| Ushio Inc.                                                       | 1,549.3          | 1,132.5           | 0.7x         | 8.3%         | 0.7x                   | 9.2x         | 5.9x         |
| <b>Median</b>                                                    | <b>\$7,335.8</b> | <b>\$6,623.9</b>  | <b>0.7x</b>  | <b>8.3%</b>  | <b>0.9x</b>            | <b>9.0x</b>  | <b>6.6x</b>  |

Source: Capital IQ

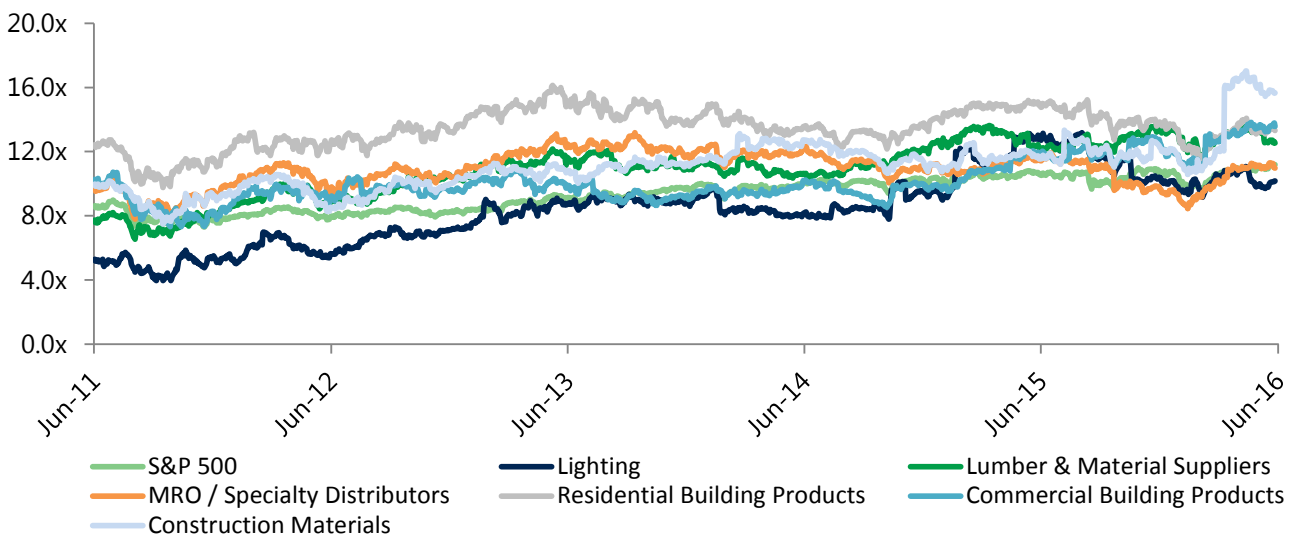
## LTM Growth and Profitability Matrix

For the Period Ended June 8, 2016



## 5-Year TEV / EBITDA

For the Period Ended June 8, 2016



Source: Capital IQ

## Building Products M&A Trends

Although residential construction has shown its cyclical nature, we continue to remain bullish on the sector due to overwhelmingly favorable demographic trends including immigration, the migrating population, and mass affluence, all of which are anticipated to be primary long-term drivers. Construction expenditures in the U.S. are segmented among four major regions: South, West,

Midwest, and Northeast. The South will continue to dominate construction activity through 2020P, and is projected to grow at 9.3% annually in the region. Construction spending in the South and the West are projected to slightly outpace expenditures in the Midwest and the Northeast due to a population increase of nearly 14 million throughout the past decade.

### M&A Transaction History

January 1, 2014 – June 1, 2016















| Date   | Target                                                                                                                                                                                                                                                  | Acquirer                        |
|--------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|
| Mar-16 | LED-Linear<br>LED-Linear GmbH produces and sells light emitting diodes (LED) based linear lighting solutions.                                                                                                                                           | AB Fagerhult                    |
| Jan-16 | Halco Lighting<br>Halco Lighting Technologies is a leading designer and supplier of lamps, fixtures, and ballasts for commercial, industrial, residential, and specialty lighting markets in the U.S.                                                   | Summer Street Capital           |
| Jan-16 | HeathCo<br>HeathCo LLC manufactures and markets electrical products, door chimes, motion activated lighting, and lighting controls.                                                                                                                     | Transom Capital Group           |
| Jan-16 | Belux<br>Belux is a renowned Swiss-based designer and manufacturer of sophisticated lighting solutions.                                                                                                                                                 | Kreon                           |
| Dec-15 | Exenia<br>EXENIA S.r.l. designs and manufactures lighting fixtures for residential customers, shops, showrooms, and galleries.                                                                                                                          | Lumenpulse Inc.                 |
| Dec-15 | Journee Lighting<br>Journee Lighting Inc. designs and manufactures LED lighting products.                                                                                                                                                               | EcoSense Lighting Inc.          |
| Dec-15 | Lukas Lighting<br>Lukas Lighting, Inc. designs and manufactures customized lighting products for residential, hospitality, and corporate interiors.                                                                                                     | Flos S.p.A.                     |
| Oct-15 | Ephesus Lighting<br>Ephesus Lighting, Inc. manufactures high-output light-emitting diode (LED) lighting solutions for applications in industrial and sporting markets.                                                                                  | Eaton Corporation plc           |
| Oct-15 | Juno Lighting<br>Juno Lighting, LLC manufactures lighting fixtures and related products.                                                                                                                                                                | Acuity Brands Lighting, Inc.    |
| Sep-15 | Lighting Science Group<br>Lighting Science Group Corporation designs, develops, manufactures, and markets general illumination products that use light emitting diodes (LEDs) as their light source for retailers and original equipment manufacturers. | Pegasus Capital Advisors, L.P.  |
| Jun-15 | ABS Lighting<br>ABS Lighting Co. manufactures and markets precision floodlights, controlled beams, and HID luminaires in the United States and internationally.                                                                                         | B-K Lighting, Inc.              |
| May-15 | Intense Lighting<br>Intense Lighting, Inc. engages in developing, manufacturing, and selling lighting fixtures.                                                                                                                                         | Leviton Manufacturing Co., Inc. |
| Apr-15 | Philips<br>Koninklijke Philips N.V. OLED Lighting Business comprises OLED lighting business.                                                                                                                                                            | OLEDWorks LLC                   |
| Apr-15 | ByteLight<br>ByteLight, Inc., a software company, provides indoor location solutions for smartphone devices.                                                                                                                                            | Acuity Brands, Inc.             |
| Mar-15 | SDL Lighting<br>SDL Lighting Inc. engages in the manufacture of LED luminaires for street and landscape lighting applications.                                                                                                                          | Lumenpulse Inc.                 |
| Mar-15 | Distech Controls<br>Distech Controls Inc. provides building automation and energy management products.                                                                                                                                                  | Acuity Brands Lighting, Inc.    |
| Feb-15 | Rigid Industries<br>Rigid Industries, Inc. manufactures and markets LED lighting solutions.                                                                                                                                                             | Truck-Lite Co., LLC             |
| Oct-14 | Sterno Products<br>Sterno Products, LLC provides a line of portable warming, ambiance, butane, and catering products to the hospitality and retail markets.                                                                                             | Compass Diversified Holdings    |
| Aug-14 | Clay Paky<br>Clay Paky SpA designs, manufactures, sells, and markets professional lighting systems.                                                                                                                                                     | OSRAM Licht AG                  |
| Aug-14 | Electrix<br>Electrix, Inc. designs and manufactures lighting fixtures for architectural, task, and industrial applications.                                                                                                                             | Evolution Lighting, LLC         |

Source: CapitalIQ




## RECENT TRANSACTIONS































### BUILDING PRODUCTS

|                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                               |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  <p>has acquired</p>  <p>League Park acted as financial advisor to Ferro on the transaction</p> |  <p>has been acquired by</p>  <p>League Park acted as financial advisor to Colwater on the transaction</p> |  <p>has been acquired by</p>  <p>a subsidiary of</p>  <p>League Park acted as financial advisor to Carr on the transaction</p> |  <p>has been acquired by</p>  <p>League Park acted as financial advisor to Global Security Glazing on the transaction</p> |  <p>has been acquired by</p>  <p>League Park acted as financial advisor to Cardinal Fastener on the transaction</p> |  <p>has acquired</p>  <p>League Park acted as financial advisor to Ferro on the transaction</p> |  <p>Ongoing Strategic Advisory</p> <p>League Park served as financial advisor to Wayne Water Systems in connection with ongoing acquisition strategies</p> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

### INDUSTRIAL & CONSUMER

|                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                      |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  <p>a portfolio company of</p>  <p>has been acquired by</p>  <p>League Park acted as financial advisor to Furnace Parts on the transaction</p> |  <p>has acquired</p>  <p>League Park acted as financial advisor to Ferro on the transaction</p>                                                                                                                                          |  <p>a portfolio company of</p>  <p>has been acquired by</p>  <p>League Park acted as financial advisor to VanDeMark on the transaction</p>          |  <p>has been acquired by</p>  <p>League Park acted as financial advisor to Drake on the transaction</p>                             |  <p>has been acquired by</p>  <p>League Park acted as financial advisor to Neway on the transaction</p>                                                     |  <p>has been acquired by</p>  <p>League Park acted as financial advisor to Superior on the transaction</p>                                                                        |  <p>has been acquired by</p>  <p>a portfolio company of</p>  <p>League Park acted as financial advisor to Specialty Air Technologies on the transaction</p> |
|  <p>has been acquired by Praxair, Inc.</p>  <p>League Park acted as financial advisor to American Gas Group on the transaction</p>                                                                                           |  <p>Ongoing Strategic Advisory</p> <p>League Park served as financial advisor to Scott Fetzer in connection with ongoing acquisition strategies</p>                                                                                                                                                                      |  <p>a portfolio company of</p>  <p>has been recapitalized by</p>  <p>League Park acted as financial advisor to VanDeMark on the transaction</p> | <p>An affiliate of</p>  <p>has acquired</p>  <p>League Park acted as financial advisor to Achill Partners on the transaction</p> |  <p>B.J. Alan (aka Praxair) Presents</p> <p>has been recapitalized by</p>  <p>League Park acted as financial advisor to B.J. Alan on the transaction</p> |  <p>has been acquired by</p>  <p>League Park acted as financial advisor to TPC Metals on the transaction</p>                                                                   |  <p>has been acquired by</p>  <p>League Park provided strategic advice to Dots in connection with the transaction</p>                                                                                                                       |
| <p>An affiliate of</p>  <p>has acquired</p>  <p>League Park acted as financial advisor to Achill Partners on the transaction</p>                                                                                            |  <p>a portfolio company of</p>  <p>has received financing from</p>  <p>League Park acted as financial advisor to VanDeMark on the transaction</p> |  <p>has received financing from</p>  <p>League Park acted as financial advisor to Lakeside Scrap Metals on the transaction</p>                                                                                                   |  <p>has sold its Fluid Logic Assets to</p>  <p>League Park acted as financial advisor to Ferro on the transaction</p>           | <p>Certain Welding Assets of</p>  <p>has been acquired by</p>  <p>League Park acted as financial advisor to PECO on the transaction</p>                 |  <p>Beech Technology Systems</p> <p>has redeemed the membership interest of</p>  <p>League Park acted as financial advisor to Beech Technology Systems on the transaction</p> |  <p>has acquired</p>  <p>League Park acted as financial advisor to Ferro on the transaction</p>                                                                                                                                            |

### BUSINESS SERVICES, HEALTHCARE & IT

|                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  <p>has been acquired by</p>  <p>League Park acted as financial advisor to Freedonia on the transaction</p>          |  <p>has been acquired by</p>  <p>League Park acted as financial advisor to Chambers on the transaction</p>       |  <p>has acquired</p>  <p>League Park acted as co-advisor to Safeguard Properties on the transaction</p>     | <p>An affiliate of</p>  <p>has acquired</p> <p>a controlling interest in</p>  <p>League Park acted as financial advisor to Achill Partners on the transaction</p>                                                      |  <p>has acquired</p>  <p>and</p>  <p>League Park acted as financial advisor to SCG Partners on the transaction</p> |  <p>a portfolio company of</p>  <p>has acquired</p>  <p>League Park acted as financial advisor to SCG Partners on the transaction</p> |  <p>Strategic Advisory</p> <p>League Park serves as financial advisor to Safeguard Properties in connection with ongoing acquisition strategies</p>                                         |
|  <p>has received an investment from</p>  <p>League Park acted as financial advisor to Segmint on the transaction</p> |  <p>has received an investment from</p>  <p>League Park acted as financial advisor to CSS on the transaction</p> |  <p>has been acquired by</p>  <p>League Park acted as financial advisor to Lexi-Comp on the transaction</p> |  <p>has merged with</p>  <p>a portfolio company of</p>  <p>League Park acted as financial advisor to Enovate on the transaction</p> |  <p>Forwarding Technology</p> <p>has acquired</p>  <p>League Park acted as financial advisor to ForTec Medical on the transaction</p>                                                                  |  <p>has been acquired by</p>  <p>League Park acted as financial advisor to 360Fresh on the transaction</p>                                                                                                                 |  <p>has acquired</p>  <p>League Park acted as financial advisor to SCG Partners on the transaction</p> |



# Building Products: Lighting

## LEAGUE PARK OVERVIEW

League Park Advisors, LLC ("League Park") is a boutique investment banking firm committed to advising clients on strategies to try and maximize shareholder value. League Park counsels its clients on monetizing business value through sales and recapitalizations, enhancing corporate value through strategic acquisitions, and raising capital to fuel growth.

League Park's senior bankers have decades of investment banking and M&A experience, completing over 300 transactions in the past 25 years.\* The League Park team pledges to provide sophisticated, specialized attention at every stage of the transaction process with a unique blend of financial, strategic, and operational expertise.

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Sell-Side and Buy-Side Mergers and Acquisitions  
Recapitalizations and Refinancings  
Capital Raising  
Valuations and Fairness Opinions  
Strategic Alternatives  
Other Financial, Strategic, and Operational Guidance

### Industry Expertise:

Business Services  
Consumer and Retail  
Healthcare  
Technology

#### Industrial

- Automotive
- **Building Products and Construction**
- Distribution
- Industrial and Specialty Gas
- Industrial Services
- Metals
- Paper, Print, and Packaging
- Specialty Chemicals
- Specialty Glass

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*\*Transactions represent personal experience of certain members of League Park Advisors, LLC and may have been completed while employed at other firms.*



## SOURCES AND DISCLOSURE

### Sources Referenced

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Pitchbook  
SEC Filings and Forms (EDGAR)  
Standard & Poor's  
The Freedonia Group  
U.S. Department of Commerce  
U.S. Department of Transportation

### The Freedonia Group

Research materials for the preceding report were provided by The Freedonia Group. Founded in 1985, the Freedonia Group is a leading international business research company that publishes more than 100 industry research studies annually. These reports include product and market forecasts, industry trends, threats and opportunities, competitive strategies, market share determinations and company profiles. More than 90% of the industrial companies in the Fortune 500 use The Freedonia Group research to help with their strategic planning.

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