



US Residential & Commercial Roofing Market

Sector Review



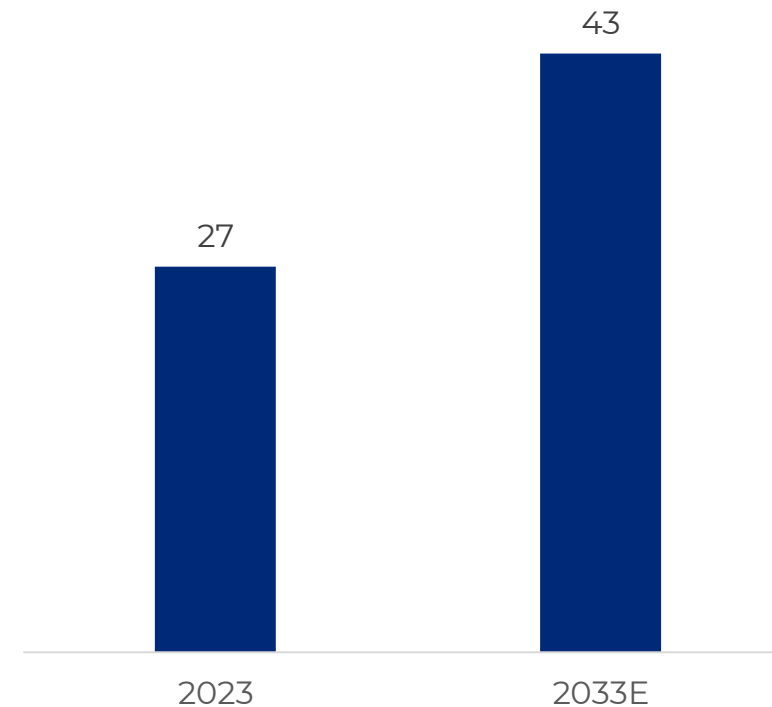
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Residential & Commercial Roofing Market Overview

- 367 advisors is glad to present US residential & commercial roofing market review. The market comprises of roofing material manufacturers, distributors and contractors providing solutions to home and business owners
- Public roofing companies have performed strongly with the sector broadly outperforming the S&P 500 by 42%⁽¹⁾ over last 12 months. Robust equity performance of the sector was driven by strong share price growth of companies like Installed Building Products, Top Build and Carlisle Companies
- The market has strong tailwinds driven by growing trends in technological advancements, increased focus on renovation & maintenance and consumer preference for innovative specialty products
- The surge in demand for single-family residences and commercial spaces is driving the requirement for roofing materials in the USA

US Roofing Market Size

\$ Bn



Source: Spherical Insights

Residential and Commercial Roofing: Key Market Trends



Rise in Construction Activity

Construction sector spending in 2024 to increase by 6% overall, with a 3% increase for commercial, 15% for industrial, and 4% for institutional buildings
(Source: American Institute of Architects)



Eco-friendly and Recycled Roofing

Global Eco-Friendly Green Roofs Market was valued at ~\$11 Bn in 2024 and is projected to reach ~\$22 Bn by 2031, growing at a CAGR of ~9%
(Source: Verified Market Research)



Energy Efficient Roofing

Energy-efficient roofing materials on the rise: Cool roofs, solar panels, and green roofs are gaining popularity for their ability to cut energy costs, enhance building thermal performance, and improve indoor air quality. US solar roofing market set to reach \$965 Mn by 2025
(Source: The Freedonia Group)



New Technologies

Increasing roof life, enhancing safety, improving air quality and reducing noise & air-conditioning costs are fueling the growth of the roofing market

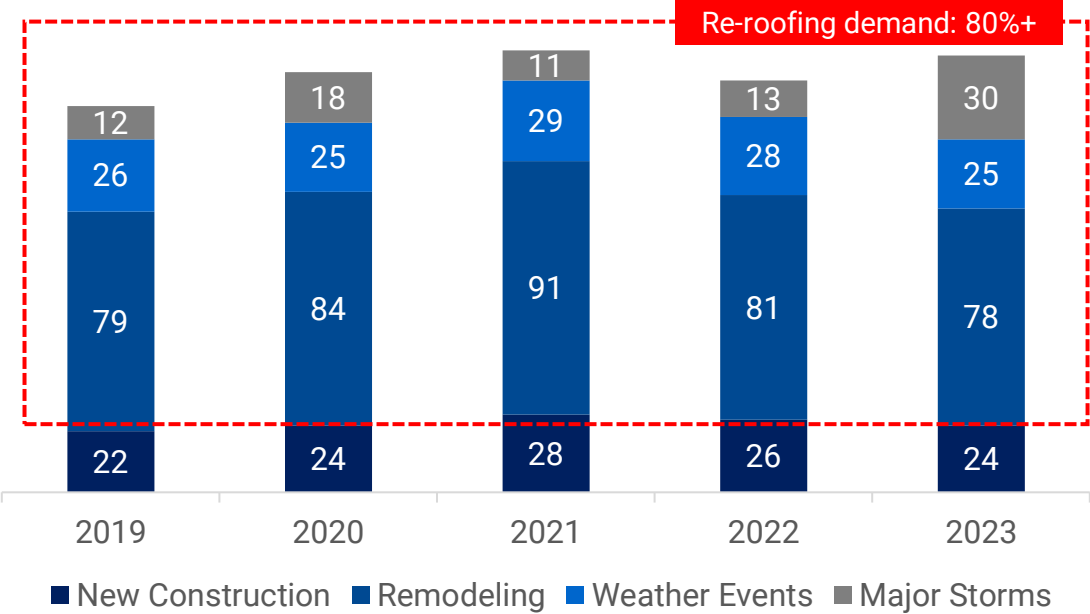


Climate Change & Extreme Weather Events

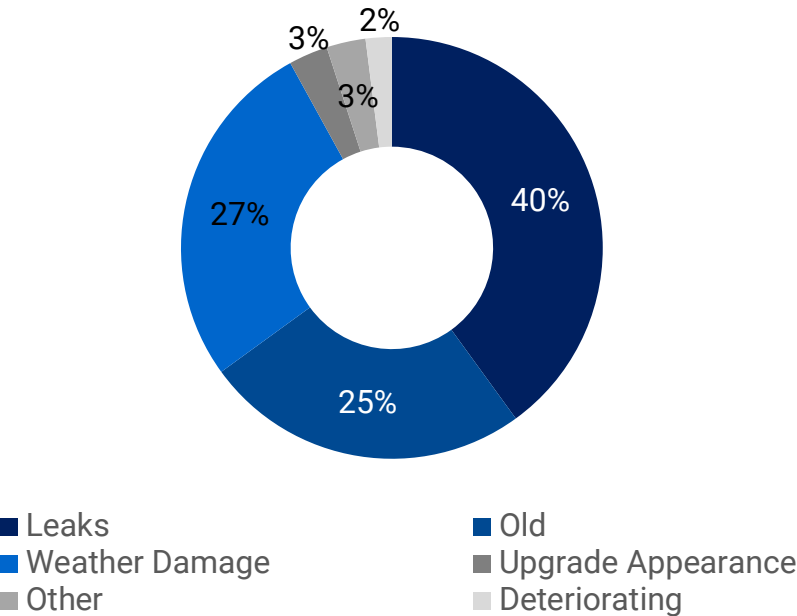
Due to inclement weather, average roof's lifespan is now 10–12 years- driving remodeling or re-roofing demand

80%+ Market Demand Driven by Re-roofing

U.S. Asphalt Shingle Market (Mn sq. meters)



Drivers of Re-roofing



90%+ Re-roofing demand is non-discretionary and typically cannot be delayed, even in tough economic times

Source: Owens Corning & Beacon Investor Presentations

Roofing Market Value Chain



US Residential & Commercial Roofing Market M&A Overview

- Roofing market is **fragmented** and top 5 players hold only **~5-10%** of the market share, **fueling strong M&A** activity by strategics and PE to gain market share
- In Q1 2024 M&A deal volume in the roofing industry has grown ~150% Y-o-Y, showing continual trend of steady growth in deal volumes over the years
- Recent notable transactions in the market include:
 - **Huron Capital** has launched its platform **Rampart Exterior Services** in partnership with **Gabe Mesanza** to acquire roofing and exterior companies
 - **The Home Depot's** acquisition of **SRS Distribution** for **~\$18 Bn**

Key Trends Shaping Residential & Commercial Roofing Market M&A

Small and mid-sized companies seeking succession strategics and financial partners to facilitate growth opportunities are driving an increase in M&A activities

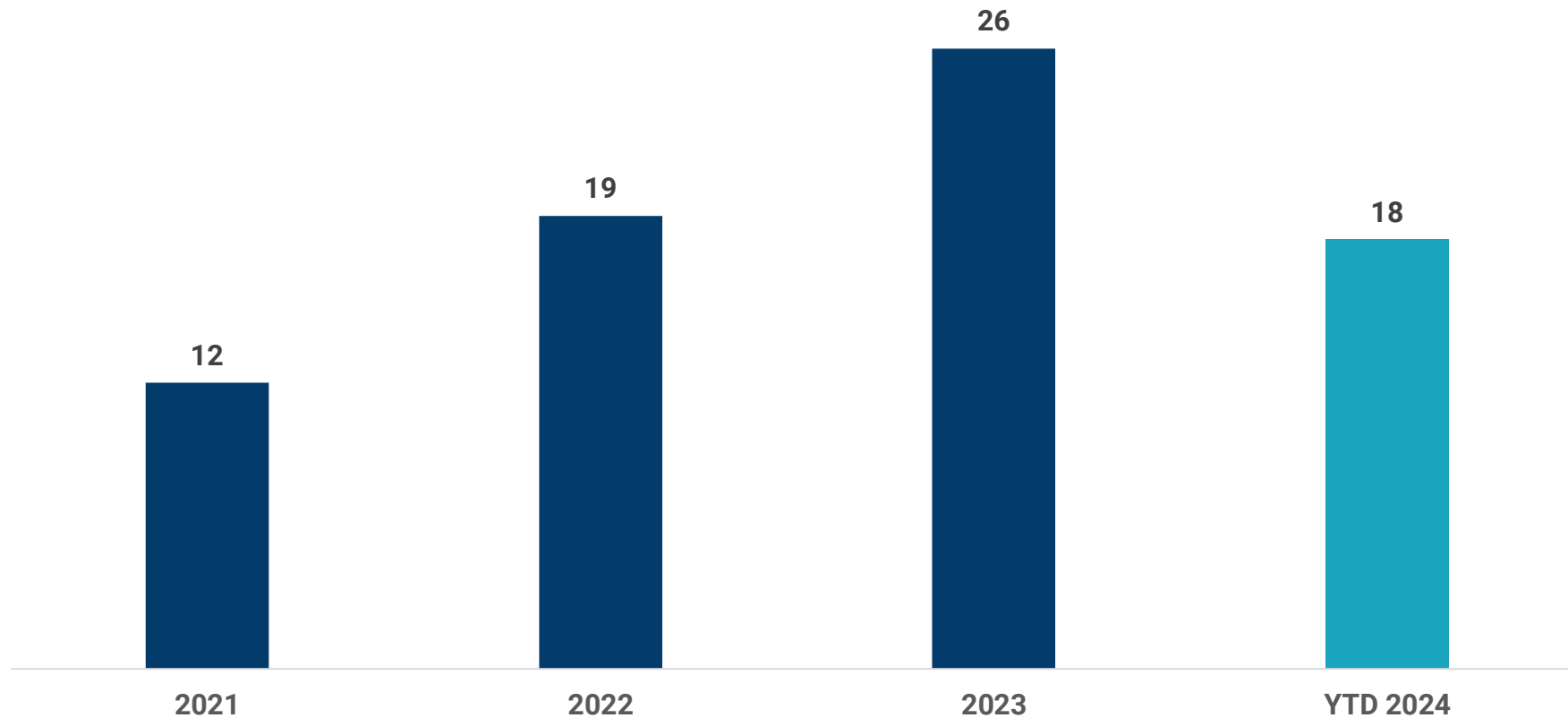
M&A in roofing market sees growing demand from strategic buyers & PE investors

PE backed platform like Tecta America and Apple Roofing, are in the race to become the market leaders in US and the success of these platforms is attracting more players in the market

Recurring requirements of roof replacement and other related services is attracting building material strategics to enter the market through inorganic way














US Residential & Commercial Roofing M&A Deal Count

M&A Deals













- Y-o-Y jump of 150% in Q1 24 deal counts
- Deal activity is on a rise over the years and is expected to continue the trend in 2024










PE Backed Platform Buyers

PE Firm	Platform Company	Platform Overview	Select Acquisitions by Platform Company
		<p>HCI Equity Partners backed Highland Commercial Roofing provides roofing solutions for commercial properties across the Western US. These acquisitions will enable them to bring new and expanded resources and capabilities to better serve customers</p>	 
		<p>Infinity Home Healthcare Services, LLC operates in the construction and engineering industry that provides residential roofing, siding. The impetus behind these strategic moves is to establish a network of premier roofing brands, leveraging operational synergies and market influence</p>	  
		<p>Bessemer Investment Partners backed Legacy Restoration LLC specializes in exterior home remodeling and restoration services. The acquisition will allow to extend our geographical footprint into the southeast with one of the highest rated roofing organizations in the country</p>	 











PE Backed Platform Buyers

PE Firm	Platform Company	Platform Overview	Select Acquisitions by Platform Company
Halmos Capital Partners		Halmos Capital Partners backed Northpoint Roofing Systems offers comprehensive roofing services for residential and commercial properties. The acquisitions are to build scale and expand through US	  
Atlas Partners		Atlas Partners backed Tecta America is a leading national commercial roofing company offering roofing solutions. They have acquired more than 50 companies since inception	  
Gauge Capital		Gauge Capital backed Apple Roofing provides residential and commercial roofing services. Apple Roofing was formed to offer capital solutions for roofing companies seeking ownership transition or growth acceleration	







Platform Buyers

Investors	Platform Company	Platform Overview	Select Acquisitions by Platform Company
New State Capital Partners		New State Capital Partners backed PAX Services Group specializes in technical roofing and exterior services for complex facilities. This acquisition under new brand plans to pursue geographic expansion and explore a new sector of complementary building maintenance, repair, and renovation services	 
CCMP Growth Advisors, LLP		CCMP formed Omnia Exterior Solutions to support and grow high potential residential roofing and remodeling business. It has completed 5 acquisitions till date with Ace roofing being the most recent partnership	 
FirstService Corporation		FirstService Corporation backed Roof Corp of America is a commercial roofing contractor of the US. It acquired Roof Tech with the view of entering the Louisiana market. It is looking for geographical and product expansion	 

Strategic Buyers

Acquiror	M&A Overview	Select Acquisitions
	<p>Beacon Roofing Supply is a leading distributor of roofing materials and building products in North America. Beacon has completed 8 acquisitions in 2023</p>	<div>     </div>
	<p>Restoration Builders specializes in residential and commercial restoration services. This acquisition will help in expanding their geographical footprint</p>	<div> <div>Alden Roofing Ltd</div> <div>Sky Restoration Ltd</div> </div>
	<p>Carlisle Companies Incorporated provides roofing solutions through its Carlisle Construction Materials division. The acquisition is consistent with Carlisle’s Vision 2025 to simplify the portfolio and strategically build scale with synergistic acquisitions</p>	<div>    </div>

Strategic Buyers

Acquiror	M&A Overview	Select Acquisitions
	<p>Gulfeagle supply is premier roofing and building products distributor, supplier and contractor of roofing products. The acquisitions has helped them to grow in 100+ locations across US</p>	
	<p>Gibraltar Industries provides roofing solutions through its Residential segment, which includes products like metal roofing and roof ventilation systems. The acquisition of QAP expands residential product offering and builds their presence in additional regional markets</p>	
	<p>Holcim is a global leader in innovative and sustainable building solutions. It has acquired companies to increase its product offerings and geographical presence</p>	

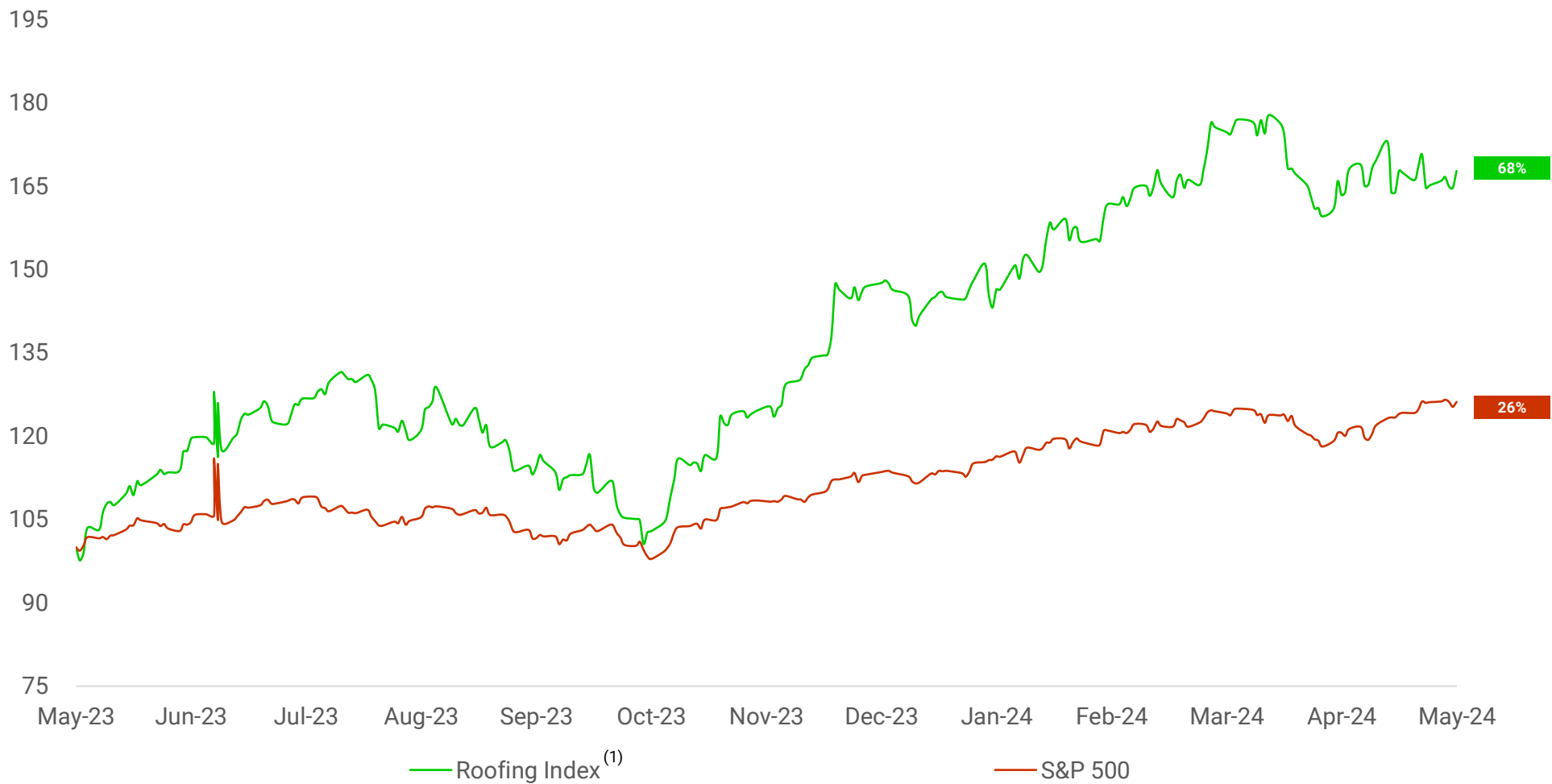
Trading Multiples of Listed Roofing Companies

Trading Statistics

US\$ Mn, Unless Otherwise Stated; Calendarised to December Fiscal Year End

Company	Market (24th May, 2024)	Enterprise Value	EV/Revenue		EV/EBITDA		P/E	
			FY 2023A	FY 2024E	FY 2023A	FY 2024E	FY 2023A	FY 2024E
Carlisle Companies	20,007	21,744	4.7x	4.3x	17.8x	16.2x	29.6x	21.1x
Builders Firstsource	19,858	23,406	1.4x	1.3x	8.1x	9.1x	13.6x	12.7x
Owens Corning	15,715	17,805	1.8x	1.6x	7.7x	6.6x	13.5x	11.8x
Masco Corporation	14,884	17,997	2.2x	2.3x	11.1x	11.7x	16.8x	16.4x
Top Build	12,748	13,403	2.6x	2.4x	11.9x	11.9x	20.9x	18.5x
Beacon Roofing Supply	6,138	9,273	1.0x	1.0x	8.7x	9.6x	N/M	12.7x
Installed Building Products	5,918	6,482	2.3x	2.2x	12.8x	12.0x	24.3x	18.0x
Gibraltar Industries	2,221	2,108	1.6x	1.5x	10.1x	9.4x	20.3x	15.5x
Bluelinx Holdings	895	1,036	0.3x	0.3x	5.8x	7.2x	19.2x	15.0x
Mean			2.0x	1.9x	10.4x	10.4x	19.8x	15.7x
Median			1.8x	1.6x	10.1x	9.6x	19.8x	15.5x

Residential Roofing – LTM Equity Market Performance



- Roofing market index has outperformed the market index by 42%
- Outperformance is expected to continue in FY24

Note(1): The Roofing-Index has been calculated as market cap weighted average of nine companies - Builders Firstsource, Owens Corning, Beacon Roofing, Bluelinx Holdings, Carlisle Companies, Masco Corporation, Gibraltar Industries, Installed Building Products and Top Build

Select M&A Deals in 2024

Select M&A Deals				
Date	Target	Acquiror(s) / Investor(s)	Deal Size (US\$mn)	Target Business Description
May-24	Elo Roofing	Skyline Roofing Partners	n/a	A Jacksonville FL based roofing contractor focused on residential end market with 5 offices throughout the state of Florida
Apr-24	Fidelity Roof Company, Inc.	Highland Commercial Roofing, LLC	n/a	With over 75 years of industry experience, this California-based contractor offers comprehensive roofing solutions for both commercial and residential clients
Apr-24	Elite Roofing Supply	Gulfeagle Supply	n/a	A distributor of roofing materials for both commercial and residential markets based in Arizona with 26 operating branches across 9 states
Apr-24	All Restoration Solutions	First Onsite	n/a	Offers high quality roofing services as a part of their full restoration services, with 3 offices in Georgia and 1 in South Carolina
Mar-24	SRS Distribution	The Home Depot	18,250	A leading national distributor of roofing materials and supplies headquartered in Texas with over 6000 employees worldwide
Mar-24	J.R. Jones Roofing, Inc.	Eskola Roofing & Waterproofing	n/a	A residential and commercial roofing services provider offering installations, repairs, and maintenance for various roofing systems, founded in Los Angeles
Feb-24	Pacific Building Systems Inc.	Roots Equity Group LLC	n/a	A leading roofing solutions provider offering high-quality roofing materials across the midwest with over 20 years of experience

Select M&A Deals in 2024

Select M&A Deals				
Date	Target	Acquiror(s) / Investor(s)	Deal Size (US\$mn)	Target Business Description
Feb-24	2JCP Companies, LLC	Infinity Home Healthcare Services, LLC	n/a	A family owned firm offering installations, repairs and maintainance for residential & commercial properties for around 30 years
Feb-24	United Roofing Supply	ABC Supply Company	n/a	A leading provider of roofing materials and supplies in Texas for residential & commercial projects with 3 offices in the state
Feb-24	Cram Roofing	New State Capital Partners	n/a	A roofing contractor serving South Texas for over seven decades, specializing in metal roofing, asphalt shingles & flat roofs
Jan-24	Eberhard	Tecta America Corporation	n/a	A leading provider of roofing, sheet metal, and waterproofing solutions in the Pacific Northwest with offices in Nevada & California
Jan-24	Ace Roofing	Omnia Exterior Solutions	n/a	A premier contractor with over two decades of experience, provides expert roofing solutions for residential and commercial properties across Florida
Jan-24	Quick Roofing, LLC	Centre Partners Management LLC	n/a	A prominent roofing services provider serving residential & commercial clients across 11 states

To speak with one of our team members regarding industry insights, see below



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