

Windows on Wall Street

From Lincoln International

Stock prices and valuations of publicly traded window and door companies outperformed the broader market in July as the W&D Stock Index increased 4 percent. Strong relative stock performance pushed the 12 month return on the W&D Index up to 40.1 percent compared to 9.2 percent for the S&P 500.

In addition, single-family permits reached a new cycle high of 687,000 in June, a 9.0 percent annual increase. Investors have pointed to the rise in single-family housing permits as a signal that overall construction activity will continue to recover next year, supporting the consensus 2016 housing starts forecast of 1.3 million. Overall, recent residential construction data continues to give investors comfort that construction activity will maintain its positive momentum.

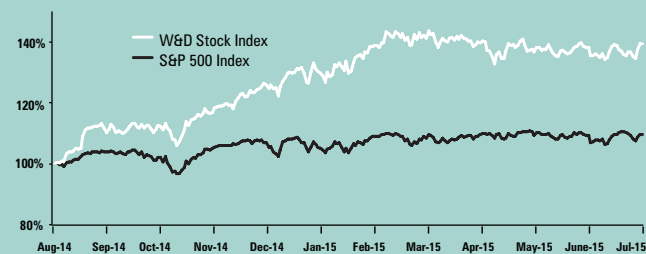
WD Stock Watch

As of June 30, 2015

Company	Current Price (\$)	52 Week		*EV/ EBITDA
		High	Low	
Builders FirstSource (BLDR)	12.84	\$14.24	\$4.85	28.7x
Drew Industries Inc. (DWW)	58.02	65.21	40.38	9.9x
Fortune Brands Home & Security Inc. (FBHS)	45.82	48.17	36.54	15.0x
Home Depot Inc., The (HD)	111.13	117.99	77.95	12.6x
Huttig Building Products Inc. (HBPI)	3.14	4.80	2.70	11.3x
Lowe's Cos. Inc. (LOW)	66.97	76.25	46.48	11.0x
Masco Corp. (MAS)	26.67	28.38	19.84	10.9x
Masonite International Corp. (DOOR)	70.11	72.00	48.37	18.6x
PGT Inc. (PGTI)	14.51	15.35	7.34	16.2x
PPG Industries Inc. (PPG)	114.72	118.95	85.78	14.3x
Quanex Building Products Corp. (NX)	21.43	21.93	16.90	13.8x

The WD Stock Watch includes a select list of publicly-traded companies involved in the window and door industry. For *EV/EBITDA: EV (enterprise value) = Market value of stock plus debt outstanding minus cash, and EBITDA = Earnings before interest, taxes, depreciation and amortization. Data provided courtesy of Lincoln International.

WD Stock Index



Note: Local currency converted to USD using historical spot rates. The WD Stock Index consists of the above stocks weighted by market cap. Data provided courtesy of Lincoln International.

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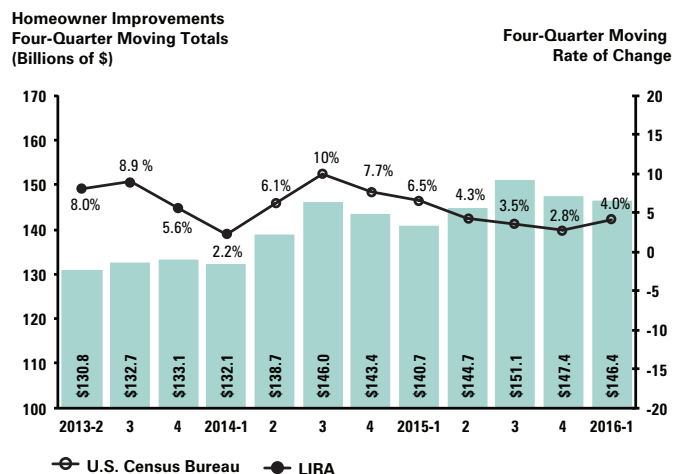
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Market Snapshot—Remodeling Activity

The extended easing of gains in residential improvement spending is expected to change course by early next year, according to the Leading Indicator of Remodeling Activity released in mid-July by the Remodeling Futures Program at the Joint Center for Housing Studies of Harvard University. The LIRA projects annual spending growth for home improvements will accelerate to 4 percent by the first quarter of 2016.

“A major driver of the anticipated growth in remodeling spending is the recent pick up in home sales activity,” says Chris Herbert, managing director of the Joint Center. “Recent homebuyers typically spend about a third more on home improvements than non-movers, even after controlling for any age or income differences, so increasing sales this year should translate to stronger improvement spending gains next year.”

Leading Indicator of Remodeling Activity—Second Quarter 2015



Source: Joint Center for Housing Studies of Harvard University

The Talk on WindowandDoor.com—Energy Efficiency is Driving the Market

As the housing market expands, window dealers and manufacturers are seeing a continued desire for energy-efficient products from their customers, PlyGem Window’s Gary Luther reports. He cites a recent report from the National Association of Home Builders that states that 84 percent of millennials, who are now entering the housing market, are willing to pay 2 to 3 percent more for an energy-efficient home, as long as they see a return on their power bills. And, 76 percent of respondents to a WindowandDoor.com reader poll report that their customers are very concerned about energy efficiency of their windows and doors.

The Last Word—Efficiency in Production

“Machines are the heart of manufacturing. The more innovative they become the more cost effective, quality and better looking product a fabricator can offer the end user.”—Crystal Achievement Awards judge