

Door & Window Industry Benchmark Survey

Year-end 2013



SUBMISSION DEADLINE – MAY 15, 2014



BUILDING INDUSTRY ADVISORS, LLC
MERGERS - ACQUISITIONS - EQUITY - DEBT

1.0 CONTACT INFORMATION OF PERSON COMPLETING THIS SURVEY

Name _____ Email _____
Title _____ Direct Phone _____
Company _____
Address _____
City _____
State _____
Zip _____

2.0 DELIVERY OF SURVEY RESULTS

2.1 How would you prefer to receive your copy of the results of this survey?

At the email above At the following email address _____
 At the mailing address above At the following mailing address _____

3.0 REVENUE RANGE

3.1 Into which of the following revenue ranges did your company fall for the year ending 12/31/13?
{It is critical to have this information for statistical analysis of the data gathered in this survey. All responses will be kept strictly confidential.}

Revenues (in millions of dollars)
YE 12/31/13

<input type="checkbox"/>	\$ 0 - 9.9	<input type="checkbox"/>	\$100 - 149.9
<input type="checkbox"/>	10 - 19.9	<input type="checkbox"/>	150 - 199.9
<input type="checkbox"/>	20 - 29.9	<input type="checkbox"/>	200 - 299.9
<input type="checkbox"/>	30 - 39.9	<input type="checkbox"/>	300 - 399.9
<input type="checkbox"/>	40 - 49.9	<input type="checkbox"/>	400 - 499.9
<input type="checkbox"/>	50 - 59.9	<input type="checkbox"/>	500 - 749.9
<input type="checkbox"/>	60 - 74.9	<input type="checkbox"/>	750 - 999.9
<input type="checkbox"/>	75 - 99.9	<input type="checkbox"/>	1,000 ++

{The following information should be used to classify income statement items for this survey. Participants who do not wish to reclassify their financial statements themselves can email an Excel or PDF version of their financial statements to mcollins@buildingia.com.}

Cost of Goods Sold and Expense Categories Window & Door Industry Benchmark Survey

Cost of Goods Sold

Category	Description
Materials	Anything consumed in the manufacture of final products. Examples: wood, vinyl, aluminum, steel and all other materials, glue, tapes, nails, adhesives, sealants, packaging, scrap costs and other consummables.
Direct Labor	Labor cost of all employees that have direct contact with the product during any point of the manufacturing process from start to finish. Includes salaries and wages, 401(k) expenses, life, health and dental insurance, payroll processing, paid vacations, overtime and employee welfare.
Freight Expense	Incoming freight cost for materials used in production of finished goods.
Depreciation	Depreciation related only to ownership of or capitalized leases for production facilities, machinery and equipment.
Other	Includes indirect labor for all employees that handle moving materials or products, e.g., moving raw materials or products into or out of the warehouse, conducting quality inspections, supervising workers on the plant floor, etc. Also includes plant supervision, facility costs (e.g., building rent, repairs, supplies, insurance, utilities, taxes and all other occupancy related costs), as well as production equipment rental, painting welding, grinding and other incidental supplies and production-related safety and training costs.

Selling, General and Administrative Expenses

<p>Sales Commissions Commissions (employees & reps) Meals & entertainment Sales expense Telephone sales Travel & lodging</p> <p>Advertising & Other Marketing Advertising Marketing & public relations Printing expenses Promotions Trade shows</p> <p>Delivery Auto & truck lease (delivery) Delivery - courier service Freight expense - outbound (3rd party) Vehicles & related Other delivery costs</p>	<p>Service Service related costs</p> <p>Research & Development Research and development Dedicated R&D salaries</p> <p>Rent (Non-production) Facilities rent Building & equipment rental Occupancy Rent</p>	<p>Payroll - Sales & Admin Empl. Salaries Payroll taxes and benefits Employee welfare Life insurance Paid vacations & holidays Payroll service Workers' comp insurance 401(k) match and other expenses Dental & health insurance</p> <p>Other Bank charges Contributions Donations Misc. income Miscellaneous</p>	<p>Administrative Administrative expenses Auto lease (non-delivery) Bad debts Clerical materials Computer supplies Credit reports Equipment rental (non-production) Insurance (non-production related) Legal & accounting Licenses and fees Memberships Office supplies Outside services Postage Production merchandise Professional services Property taxes (non-production) Purchased services Sales tax paid Security system Telephone Utilities (non-production)</p>
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If you have any questions regarding categorizing income statement items, please send an email to mcollins@buildingia.com

{For convenience, respondents may attach detailed financial statements or email them to mcollins@buildingia.com in lieu of completing the following two sections. Financial statements will be kept in strict confidence per the Confidentiality Agreement you received with this survey. Respondents that wish to indicate only a revenue range above may complete the following income statements on a percentage basis as indicated.}

4.0 INCOME STATEMENT

	For the Year Ending 12/31/13	
	\$	%
Sales		
Product Sales	_____	_____
Installation	_____	_____
Total Sales	\$ _____	100%
Cost of Goods Sold		
Material	\$ _____	_____%
Direct Labor	_____	_____
Freight Expense	_____	_____
Depreciation (mfg. only)	_____	_____
Other	_____	_____
Total Cost of Goods Sold	\$ _____	_____%
Gross Profit	\$ _____	_____%
Selling, General & Administrative Expenses (all non-production expenses)		
Sales Commissions	\$ _____	_____%
Advertising & Other Mktg.	_____	_____
Delivery	_____	_____
Service	_____	_____
Research & Development	_____	_____
Rent	_____	_____
Payroll	_____	_____
Administrative	_____	_____
Other	_____	_____
Total Operating Expenses	\$ _____	_____%
Other Income (Expense)	\$ _____	_____%
Interest expense	_____	_____
Depreciation (non-mfg. only)	_____	_____
Taxes	_____	_____
Net Income	\$ _____	_____%

What was the percentage change in your revenue from 2012 to 2013? _____%

{Please provide information regarding your balance sheet. Since we cannot make use of balance sheet data in percentages, if you decline to provide your information in dollars, please skip this section. All information provided in conjunction with this survey will be maintained in strict confidence. Please email an Excel or PDF version of your balance sheet to mcollins@buildingia.com.}

5.0 BALANCE SHEET

	<u>As of 12/31/13</u>	Balance Sheet Line Items Details	
	\$		
ASSETS		Current Assets	Current Liabilities
Current Assets		Cash & Cash Equiv.	Accounts Payable
Cash & Cash Equivalents	\$ _____	Accounts Receivable	Accrued Liabilities
Accounts Receivable	_____	Inventory	Commissions
Inventory	_____	Prepaid Expenses	Garnishments
Prepaid Expenses & Other Current Assets	_____	Deposits on equipment	Insurance
Total Current Assets	\$ _____	Employee advances	Interest
Property, Plant, & Equipment, Net	_____	Prepaid expenses	Payroll
Other Assets, Net	_____	Prepaid insurance	Payroll taxes
Total Assets	\$ <u>_____</u>	Reimbursements	Property taxes
		Reserve - doubtful accts.	Vacation
		Property, Plant & Eqmt.	Other accrued items
		Accumulated depreciation	Other Current Liabilities
LIABILITIES & STOCKHOLDERS EQUITY		CNC equipment	Customer deposits
Current Liabilities		Computer equipment	Income tax payable
Accounts Payable	\$ _____	Furniture & fixtures	Workers' comp payable
Accrued Liabilities	_____	Leasehold improvements	Short-term Borrowings
Other Current Liabilities	_____	Machinery & equipment	Credit line
Short-term Borrowings	_____	Property, plant & equipmt.	Current Portion of L-T Debt
Current Portion of Long Term Debt	_____	Vehicles	Long-Term Debt
Total Current Liabilities	\$ _____	Other Assets, Net	Equipment loans
Long Term Debt	\$ _____	Deferred income tax	Notes payable (all types)
Total Liabilities	\$ _____	Employee advances	Equity
Stockholders Equity		Goodwill	Additional paid-in capital
Common Stock	\$ _____	Other intangible	Common stock
Preferred Stock	_____	Receivable from parent	Preferred stock
Additional Paid In Capital	_____	Security deposit - autos	Retained earnings
Retained Earnings	_____	Security deposit - rental	
Total Equity	\$ _____		
Total Liabilities & Stockholders Equity	\$ <u>_____</u>		

If you have any questions regarding categorizing balance sheet items, please send an email to mcollins@buildingia.com

{Please complete the chart below regarding the dollar sales of your TOP 5 DOOR AND WINDOW PRODUCTS.}

6.0 PRODUCT MIX

* **Product 1 ___% of Total Dollar Sales**

<i>{Please check only one}</i>			<i>{Please check only one}</i>		<i>{Please check one per segment}</i>	
PRODUCT TYPE 1			MATERIAL TYPE		PRIMARY SEGMENT SERVED	
<input type="checkbox"/> Windows	<input type="checkbox"/> Storefront systems	<input type="checkbox"/> Door frames	<input type="checkbox"/> Vinyl	<input type="checkbox"/> Steel	<input type="checkbox"/> Commercial	<input type="checkbox"/> New Construction
<input type="checkbox"/> Window frames	<input type="checkbox"/> Curtainwall	<input type="checkbox"/> Patio doors	<input type="checkbox"/> Wood only	<input type="checkbox"/> Fiberglass	<input type="checkbox"/> Residential	<input type="checkbox"/> Remodeling
<input type="checkbox"/> Skylights	<input type="checkbox"/> Entry doors	<input type="checkbox"/> Storm / screen doors	<input type="checkbox"/> Wood clad	<input type="checkbox"/> Composites / other		
<input type="checkbox"/> Sunrooms	<input type="checkbox"/> Interior doors	<input type="checkbox"/> Storm windows	<input type="checkbox"/> Aluminum			

* **Product 2 ___% of Total Dollar Sales**

<i>{Please check only one}</i>			<i>{Please check only one}</i>		<i>{Please check one per segment}</i>	
PRODUCT TYPE 2			MATERIAL TYPE		PRIMARY SEGMENT SERVED	
<input type="checkbox"/> Windows	<input type="checkbox"/> Storefront systems	<input type="checkbox"/> Door frames	<input type="checkbox"/> Vinyl	<input type="checkbox"/> Steel	<input type="checkbox"/> Commercial	<input type="checkbox"/> New Construction
<input type="checkbox"/> Window frames	<input type="checkbox"/> Curtainwall	<input type="checkbox"/> Patio doors	<input type="checkbox"/> Wood only	<input type="checkbox"/> Fiberglass	<input type="checkbox"/> Residential	<input type="checkbox"/> Remodeling
<input type="checkbox"/> Skylights	<input type="checkbox"/> Entry doors	<input type="checkbox"/> Storm / screen doors	<input type="checkbox"/> Wood clad	<input type="checkbox"/> Composites / other		
<input type="checkbox"/> Sunrooms	<input type="checkbox"/> Interior doors	<input type="checkbox"/> Storm windows	<input type="checkbox"/> Aluminum			

* **Product 3 ___% of Total Dollar Sales**

<i>{Please check only one}</i>			<i>{Please check only one}</i>		<i>{Please check one per segment}</i>	
PRODUCT TYPE 3			MATERIAL TYPE		PRIMARY SEGMENT SERVED	
<input type="checkbox"/> Windows	<input type="checkbox"/> Storefront systems	<input type="checkbox"/> Door frames	<input type="checkbox"/> Vinyl	<input type="checkbox"/> Steel	<input type="checkbox"/> Commercial	<input type="checkbox"/> New Construction
<input type="checkbox"/> Window frames	<input type="checkbox"/> Curtainwall	<input type="checkbox"/> Patio doors	<input type="checkbox"/> Wood only	<input type="checkbox"/> Fiberglass	<input type="checkbox"/> Residential	<input type="checkbox"/> Remodeling
<input type="checkbox"/> Skylights	<input type="checkbox"/> Entry doors	<input type="checkbox"/> Storm / screen doors	<input type="checkbox"/> Wood clad	<input type="checkbox"/> Composites / other		
<input type="checkbox"/> Sunrooms	<input type="checkbox"/> Interior doors	<input type="checkbox"/> Storm windows	<input type="checkbox"/> Aluminum			

* **Product 4 ___% of Total Dollar Sales**

<i>{Please check only one}</i>			<i>{Please check only one}</i>		<i>{Please check one per segment}</i>	
PRODUCT TYPE 4			MATERIAL TYPE		PRIMARY SEGMENT SERVED	
<input type="checkbox"/> Windows	<input type="checkbox"/> Storefront systems	<input type="checkbox"/> Door frames	<input type="checkbox"/> Vinyl	<input type="checkbox"/> Steel	<input type="checkbox"/> Commercial	<input type="checkbox"/> New Construction
<input type="checkbox"/> Window frames	<input type="checkbox"/> Curtainwall	<input type="checkbox"/> Patio doors	<input type="checkbox"/> Wood only	<input type="checkbox"/> Fiberglass	<input type="checkbox"/> Residential	<input type="checkbox"/> Remodeling
<input type="checkbox"/> Skylights	<input type="checkbox"/> Entry doors	<input type="checkbox"/> Storm / screen doors	<input type="checkbox"/> Wood clad	<input type="checkbox"/> Composites / other		
<input type="checkbox"/> Sunrooms	<input type="checkbox"/> Interior doors	<input type="checkbox"/> Storm windows	<input type="checkbox"/> Aluminum			

* **Product 5 ___% of Total Dollar Sales**

<i>{Please check only one}</i>			<i>{Please check only one}</i>		<i>{Please check one per segment}</i>	
PRODUCT TYPE 5			MATERIAL TYPE		PRIMARY SEGMENT SERVED	
<input type="checkbox"/> Windows	<input type="checkbox"/> Storefront systems	<input type="checkbox"/> Door frames	<input type="checkbox"/> Vinyl	<input type="checkbox"/> Steel	<input type="checkbox"/> Commercial	<input type="checkbox"/> New Construction
<input type="checkbox"/> Window frames	<input type="checkbox"/> Curtainwall	<input type="checkbox"/> Patio doors	<input type="checkbox"/> Wood only	<input type="checkbox"/> Fiberglass	<input type="checkbox"/> Residential	<input type="checkbox"/> Remodeling
<input type="checkbox"/> Skylights	<input type="checkbox"/> Entry doors	<input type="checkbox"/> Storm / screen doors	<input type="checkbox"/> Wood clad	<input type="checkbox"/> Composites / other		
<input type="checkbox"/> Sunrooms	<input type="checkbox"/> Interior doors	<input type="checkbox"/> Storm windows	<input type="checkbox"/> Aluminum			

{Note: Please try to organize products so the 5 products listed account for at least 80-90% of total \$ sales.}

7.0 OFFSHORE SOURCING

7.1 What is your assessment of the risk faced by your primary product segments from overseas competition?

No opinion **1** **2** **3** **4** **5** **High threat**

Low threat

7.2 In the last 12 months have you:

- Taken steps to prepare your company for overseas competitors? **YES NO**
- Lost business to an overseas competitor? **YES NO**
- Learned a distributor/customer of yours will source overseas? **YES NO**
- Sourced finished products overseas? **YES NO**
- Sourced components overseas? **YES NO**

8.0 FORECAST AND OUTLOOK

8.1 Which of the following areas will present the greatest challenge for the company over the next 12 months?
{Please check all that apply}

- Building code changes
- Recruiting top notch employees
- Pricing pressure from customers
- Increasing foreign competition
- Tougher energy and other certifications
- Raw materials price increases
- Increasing competition
- Consolidation in the industry
- Increasing interest rates
- Slowdown in the housing market
- Slowdown in commercial construction

8.2 What growth in revenues are you projecting for 2014? _____ %

8.3 Which of the following are your company's greatest areas of strength relative to its competitors?

- Tablet-based marketing materials
- Variety of products offered
- Quality of products
- Free field service
- Relationships with contractors
- Reputation among customers
- Dealer training capabilities
- Assistance with generating leads
- Excellent customer service
- Timely deliveries
- Installation services
- Knowledge of customer needs
- Sales methods & strategies
- Providing assistance in generating leads
- Quality of marketing materials
- Superior manufacturing techniques
- Competitive pricing
- Flexibility of production
- Location / proximity to customers
- Green products
- Other *{Please describe}* _____

{Please check all that apply}

9.0 PAST ACQUISITIONS COMPLETED

9.1 Have you completed any acquisitions during the last 10 years? **YES NO**

- 9.2 Acquired Company _____ Year Acquired _____
- Acquired Company _____ Year Acquired _____
- Acquired Company _____ Year Acquired _____
- Acquired Company _____ Year Acquired _____
- Acquired Company _____ Year Acquired _____
- Acquired Company _____ Year Acquired _____

10.0 CURRENT ACQUISITION PLANS

10.1 Are you currently seeking to acquire other companies in the window and door industry? **YES NO**
{If the answer is 'NO', please skip to 11.0}

10.2 Which product areas or other characteristics would an ideal acquisition target offer? _____

10.3 Desired Revenue Range of Target Companies:

Minimum Revenues \$ _____ Maximum Revenues \$ _____

10.4 Desired Geographic Area *{Please describe}* _____

11.0 CAPITAL SOURCES AND USES

11.1 Which of the following types of capital will you utilize in the next 12 months?
{Please check all that apply}

- | | |
|--|---|
| <input type="checkbox"/> Internal cash flow | <input type="checkbox"/> Equity (full or partial sale of shares in the company) |
| <input type="checkbox"/> Cash injection from parent company or owner | <input type="checkbox"/> Industrial revenue bond |
| <input type="checkbox"/> Senior debt (including bank debt) | <input type="checkbox"/> Not sure |
| <input type="checkbox"/> Mezzanine / subordinated / junior debt | |

11.2 Which of the following are the primary areas to be targeted for spending in the next 12 months?
{Please check all that apply}

- | | |
|--|--|
| <input type="checkbox"/> Purchase / upgrade production equipment | <input type="checkbox"/> Geographic expansion |
| <input type="checkbox"/> Invest in information technology (IT) | <input type="checkbox"/> Acquire another company |
| <input type="checkbox"/> General working capital needs | <input type="checkbox"/> Begin working with a strategic partner |
| <input type="checkbox"/> Recapitalize to provide liquidity to owner | <input type="checkbox"/> Launch a new product line |
| <input type="checkbox"/> Build or purchase new production facilities | <input type="checkbox"/> Increase spending on marketing or advertising |
| <input type="checkbox"/> Increasing automation in the manufacturing facility | <input type="checkbox"/> Expand current production facilities |
| <input type="checkbox"/> Decreasing lead times | <input type="checkbox"/> Develop green products |
| <input type="checkbox"/> Other <i>{Please describe}</i> _____ | <input type="checkbox"/> Develop other new products |

12.0 MANUFACTURING

12.1 Please complete the following chart with respect to your annual capital expenditures (“cap ex”):

	YE 12/31/13
Cap ex for maintenance of existing facilities	\$ _____
Cap ex for improvement of facilities to accommodate growth	+ _____
Total annual cap ex required	<u>\$ _____</u>

12.2 Total square feet of manufacturing space _____ sq. ft. *{All plants active in 2013 }*

12.3 Average units manufactured per day during 2013:

Check if you distribute only

Doors _____

Windows _____

12.4 What was your warranty expense in 2013? \$ _____

12.5 What are the terms of your warranty?
 Items Covered
 Materials
 Labor/ instalation
 Shipping replacement
 Period of time _____ (years)

12.6 Please provide the following breakdown of your flat glass purchases:

YE 12/31/13

Flat glass purchases \$ _____
 Insulating glass unit purchases + _____
 Total glass purchases \$ _____

13.0 LEAD TIMES

13.1 What were your average delivery times (in business days) for each of the following as of YE 12/31/2013?
{Please fill in all that apply}

Product:	Delivery time (in business days):	
Customized doors	_____	<input type="checkbox"/> Not Applicable
Stock doors	_____	<input type="checkbox"/> Not Applicable
Customized windows	_____	<input type="checkbox"/> Not Applicable
Stock windows	_____	<input type="checkbox"/> Not Applicable

14.0 HUMAN RESOURCES

14.1 Current Headcount

	<i>Last 12 Months</i>		Current Total	Will you hire in this category in 2014	
	Employees Added	Employees Eliminated		YES	NO
Salaried	_____	_____	_____		
Production	_____	_____	_____		
Sales	_____	_____	_____		

14.2 Avg. hours per production employee per week _____ hrs. Production days / week _____

14.3 Number of plant shifts _____

15.0 SALES AND MARKETING

15.1 Provide information regarding your company's sales representatives:

	Current #	% of total sales
Company employed sales representatives	_____	_____
External manufacturers' representatives	_____	_____
Other _____	_____	_____
		100%

15.2 Have you raised your prices in the last 12 months? **YES NO**

If so, have your price increases been sufficient to offset increases in raw materials prices? **YES NO**

15.3 If you sell to or through retail sales locations or dealers, through how many are your products sold?

Company-owned locations _____
 Third party locations + _____
 Total number of locations = _____

Are there any particular financial ratios or other statistics that you would like make sure we include in our survey results?
{Please list them}

16.0 CURRENT ISSUES

16.1 How would you compare the difficulty of the following versus this time last year?

{Please mark an X for each answer}

	Easier Now	Harder Now	Same
Hiring strong candidates	<input type="text"/>	<input type="text"/>	<input type="text"/>
Generating residential leads	<input type="text"/>	<input type="text"/>	<input type="text"/>
Generating commercial leads	<input type="text"/>	<input type="text"/>	<input type="text"/>
Securing new dealer customer relationships	<input type="text"/>	<input type="text"/>	<input type="text"/>

	# of Plants		
16.2 Have you or are you likely to close or idle a manufacturing facility in 2014?	_____	YES	NO
Did you do so in 2013?	_____	YES	NO

16.3 At what percent of full capacity do you estimate your plants were running throughout 2013? ____%

16.4 Do you anticipate EPA lead requirements having a negative impact on your business in 2014? **YES NO**

16.5 If you offer Energy Star products are you ready for the new requirements?

- Yes, we have products ready that meet the requirements in all zones
- We are not ready in the Northern zone and to meet these requirements by 2015 we need to modify our products
- We are not ready and do not have a plan in place yet to get ready
- Other comments:

16.6 How are the various codes, IIC, IECC, etc. affecting the way you design products?

- It has a large effect with our product development and is difficult to keep up with all the code changes
- It doesn't affect our product designs. There there are too many codes to keep up with
- Other comments:

16.7 Does your company participate in programs that help recruit employees to the window and door industry?

- Yes, we work with vocational programs or highschoools in our area to recruit talent
- No we don't but recruiting employees is a large industry problem

16.8 How have the new health care requirements affected your company?

- No effect
- They have increased costs significantly at our company
- We have delayed hiring employees in order to avoid size limits
- As a result of the new regulations, we stopped offering healthcare
- Other comments:

About Building Industry Advisors, LLC

Building Industry Advisors, LLC is a premier middle-market investment banking group providing merger and acquisition, capital raising and strategic advisory services. Our principals bring a dedicated focus on the building products industry and a proven track record of completing transactions that meet the complex needs of our clients. We combine extensive knowledge of and contacts in the building products industry with persistence and a thorough understanding of how to achieve the optimal outcome when undertaking a transaction. Our services include M&A Advisory, Private Capital Placement, and Strategic Advisory.

Our professionals have a deep understanding of the building products industry, including windows and doors, commercial glazing, vinyl profiles, flooring, siding, roofing, fencing, decking, railing, columns, cabinets, engineered wood products and other segments. Through our work in this industry, we have developed a comprehensive network of building products companies and the institutions that extend capital to them. This intensive focus provides our clients with significant, tangible benefits and makes Building Industry Advisors the logical choice for any middle market M&A advisory, capital placement or strategic advisory assignment.

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BUILDING INDUSTRY ADVISORS, LLC

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