



SKYWAY
CAPITAL MARKETS

Sector Update:

Residential & Commercial Roofing Services

January 2025

M&A Update

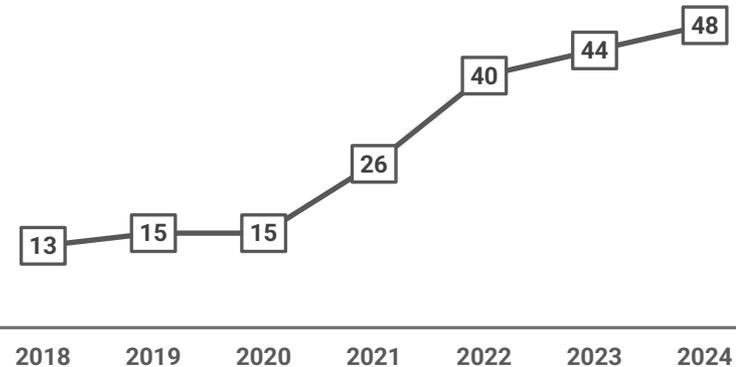
M&A Drivers

The commercial and residential roofing services market has attracted **significant investment** from **institutional investors** (private equity groups) in recent years

Several factors and key trends are contributing to the growing **M&A activity** and **consolidation**:

- Strong **recurring revenue base** given the high (60%+) of revenue derived from **existing** residential and non-residential projects
- **Highly fragmented** industry and **distance delivery constraints** allows the leading operators to build **operating scale** and **operating leverage**
- Expected **wave of roof renovations** in coming years as the median home age is approaching 35 years, reducing reliance on new construction activity
- **Migration trends** and growth in warm weather climates across the U.S. (Southeast, Southwest & Texas) will increase demand as intense heat, heavy rainfall, exposure to sun, saltwater and high winds or frequent storms, can also **accelerate roof wear and tear**

M&A Deal Count



Commentary

“The consolidation trend in the roofing industry is accelerating. Both residential and commercial roofing companies with strong market positions in attractive geographic markets will continue to receive elevated interest from an increasing number of strategic buyers and institutional investors.....Given that we are in the early innings of consolidation, it is important for business owners to understand the various approaches being undertaken by different investors and buyers”

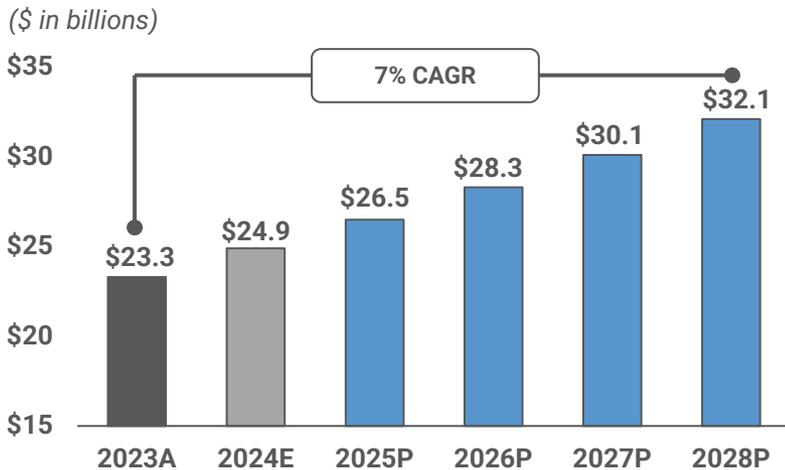
- Keith Hodgdon, Senior Managing Director @ Skyway Capital Markets

Industry Overview

Market Snapshot

- The commercial and residential roofing services market in the U.S. is **large, highly fragmented** and expected to continue to **grow faster than the overall economy** at approximately **7% per annum**
- The U.S. roofing services market is expected to expand by nearly \$10 billion over the next 5+ years to exceed **more than \$32 billion**
- The U.S. roofing services market is divided into **existing** and **new construction buildings** as well as **commercial** and **residential**
- **Existing units** (commercial & residential) comprise **most of the roofing services activity (60%+ of total)** and commercial roofs (new & existing) also represent over 50% of the total market

Market Size & Growth

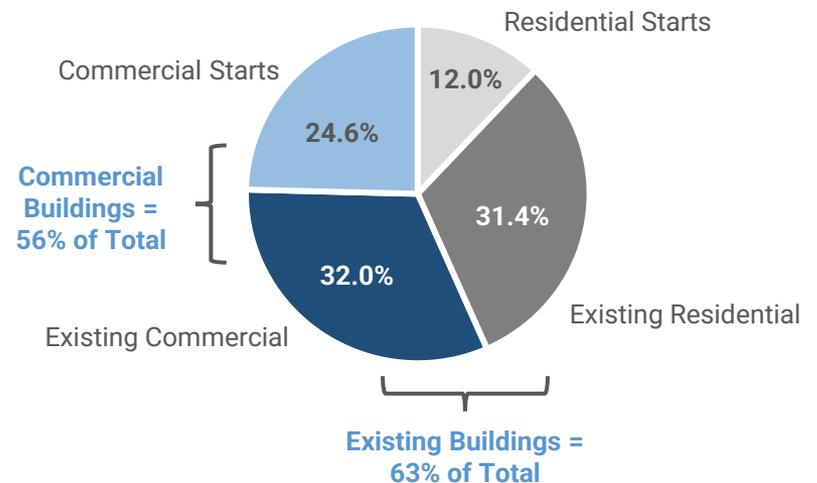


Market Drivers

Several factors are driving continued growth in the demand for repair, maintenance and replacement roofing services, including:

- Strong **new construction activity** and continued **growth in renovation and remodeling projects**
- **Large installed base** of aging commercial and residential roofs with an **average replacement cycle of 15-25 years**
- Significant near-term and medium-term **backlog** of roofs requiring replacement
- Mission critical and **non-discretionary** nature of roofing as well as increased frequency of storms

Market Breakdown



Industry Overview (cont.)

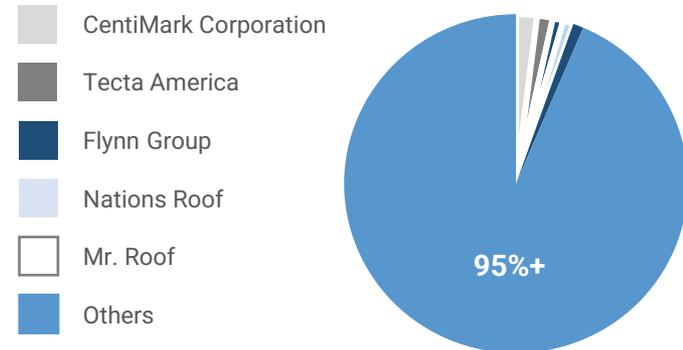
Market Fragmentation

- The roofing services market is highly fragmented, with **the top five providers representing less than 5% total market share** in the U.S.
- **M&A activity in the sector has increased in recent years**, as small and mid-sized **independent operators seek succession strategies and financial partners** to facilitate growth opportunities
- Despite recent consolidation trends, **the number of roofing companies in the U.S. is expected to continue to grow** driven by small, localized companies entering the market

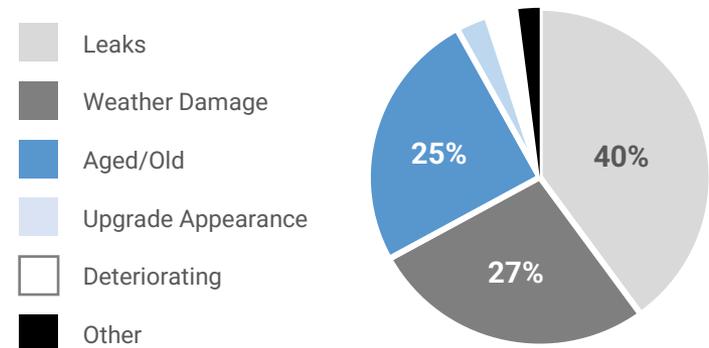
Stability Through the Cycle

- The residential roofing services market is stable and resilient as there are several drivers of “re-roofing” demand that are **non-discretionary**
- The three most common causes are **leaks (40%)**, **weather damage (27%)** and **aged/old (25%)**, which combined represent over 90% of overall roof replacement demand
- Historically, general **weather events (20%)** and **storms (8%)** contribute less than 30% of total annual demand, on average
- The primary drivers of roofing products (and services) demand are **remodeling or replacement (55%)** and **new construction (17%)**, which combine to total more than 70% of annual demand, on average

Market Share



Drivers of Re-Roofing Demand



Competitive Landscape

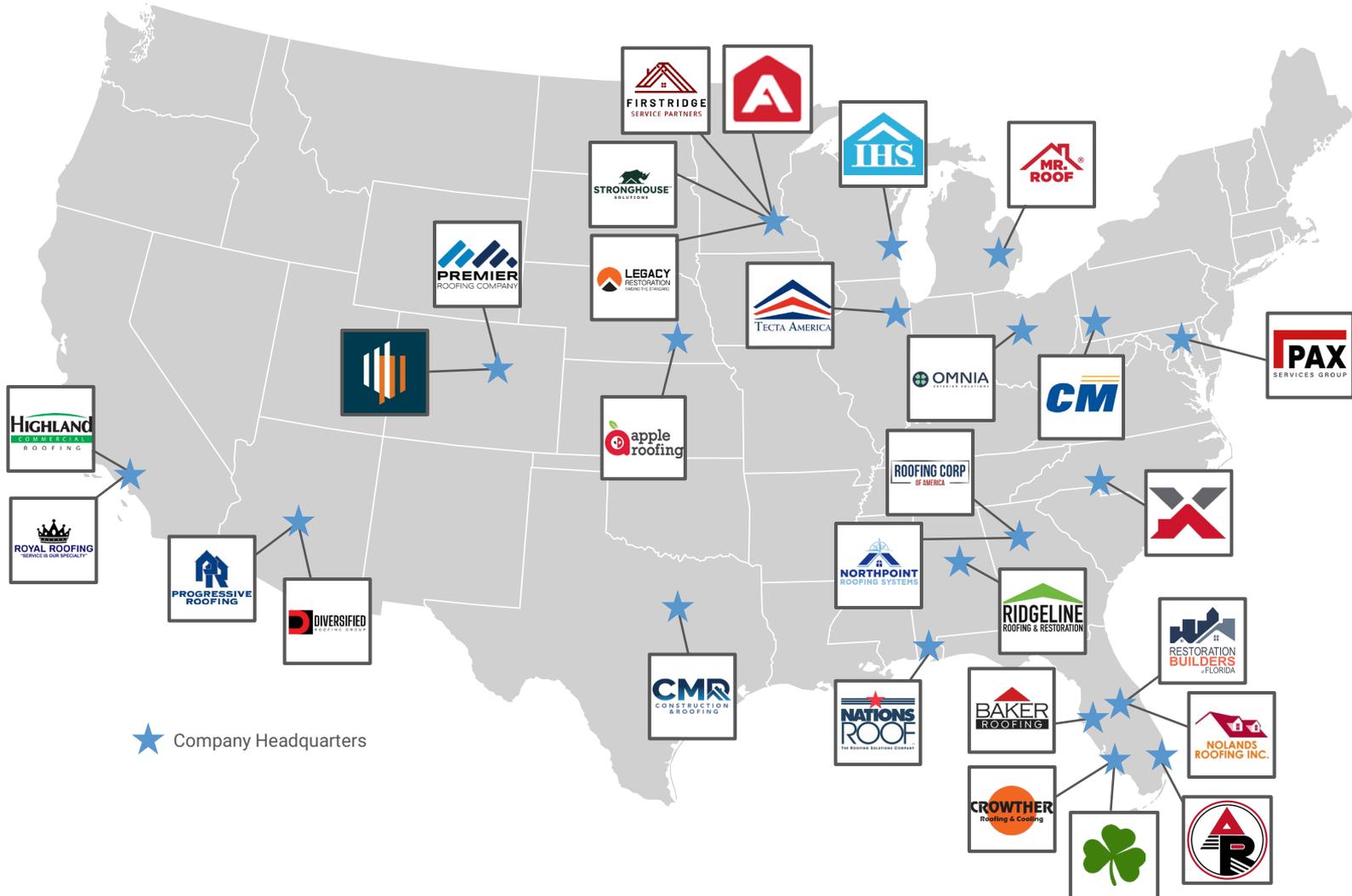
Select Private Equity-Backed Roofing Companies

Select Stand-Alone Roofing Companies

					
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Geographic Competitive Landscape



Notable Transaction

Skyway Capital recently served as the exclusive investment banker to Crowther Roofing & Cooling on its recapitalization by Roofing Corp of America (“RCA”) a subsidiary of FirstService Corporation (TSX and NASDAQ: FSV).

Crowther Roofing & Cooling

- Founded in 1974 and headquartered in Fort Myers, Florida, Crowther Roofing & Cooling is the leading commercial roofing and HVAC services provider in Florida and one of the largest in the United States.
- In addition to its full suite of roofing services, Crowther also provides commercial HVAC maintenance and mechanical contracting services.

Transaction Rationale

- RCA's initial entry in Florida, one of the largest and most attractive roofing and HVAC markets, came via the state's largest commercial provider.
- Crowther offered a top management team, a stellar and long-standing reputation in the industry, and best-in-class operations and scale.
- Crowther and its team can add meaningful value to RCA's family of roofing contractors while leveraging the more expansive resources and capital of RCA and First Service.



Management Quote

“The team at **Skyway Capital** was instrumental in advising the leadership team and our family throughout this complicated **process** and early-on identified Roofing Corp of America and FirstService Corporation as ideal partners for our business and our employees.” - **Lee Scott Crowther, Co-Founder and CEO**

Recent Transaction Activity

Target (Ownership)	Acquirer (Ownership)	Close Date	Location
Home Pro Roofing <i>Provider of residential and commercial roofing services</i>	Aligned Exteriors Group (Pearl Street Capital Partners)	Dec-24	Neenah, WI
Midwest Roofing, Siding & Windows <i>Provider of re-roofing and building exterior services</i>	Noland's Roofing (Dunes Point Capital)	Dec-24	Blaine, MN
Great Lakes Roofing <i>Provider of roofing and home improvement services</i>	Renovation Systems (Goldner Hawn)	Dec-24	Troy, MI
Quality First Roofing <i>Provider of re-roofing and building exterior services</i>	Noland's Roofing (Dunes Point Capital)	Dec-24	Citrus County, FL
Roof Scientist <i>Provider of residential and commercial roofing services</i>	HomeFront Brands	Nov-24	Huntersville, NC
AVI Roofing <i>Provider of commercial roofing services</i>	Salt Creek Capital	Nov-24	Denver, CO
BBG Contracting Group <i>Provider of commercial and industrial roofing and reroofing services</i>	Eskola (Eagle Merchant Partners)	Nov-24	Jacksonville, FL
Earl W Johnston Roofing <i>Provider of residential and commercial roofing services</i>	Noland's Roofing (Dunes Point Capital)	Nov-24	Hollywood, FL
Frontier Roofing (Sunland Park) <i>Provider of commercial and professional roofing services</i>	Eskola (Eagle Merchant Partners)	Nov-24	Sunland Park, NM
Keating Roofing & Sheet Metal <i>Provider of commercial roofing services</i>	Eskola (Eagle Merchant Partners)	Nov-24	Charleston, SC
HP Roofing <i>Provider of exterior residential roofing services</i>	Valor Exterior Partners (Osceola Capital Management)	Sep-24	White River Junction, VT
Perfect Exteriors of Minnesota <i>Provider of residential roofing and exterior remodelling services</i>	Aligned Exteriors Group (Pearl Street Capital Partners)	Sep-24	Monticello, MN
Massey Construction Group <i>Provider of residential construction and roofing services</i>	Restoration Builders	Sep-24	Naples, FL
Northeast Contracting Group <i>Provider of residential and commercial roofing services</i>	Monroe Capital, RCap Equity	Sep-24	Lorton, VA
My Pittsburgh Roofing <i>Provider of residential and commercial roofing services</i>	LB Capital	Sep-24	Pittsburgh, PA
North West Roofing <i>Provider of residential and commercial roofing services</i>	HCI Equity Partners	Sep-24	Denver, CO

Recent Transaction Activity (cont.)

Target (Ownership)	Acquirer (Ownership)	Close Date	Location
Premier Building Associates <i>Provider of commercial roofing services</i>	Boyne Capital	Aug-24	North Branford, CT
Werner Roofing <i>Provider of residential and commercial roofing services</i>	Infinity Home Services (Freeman Spogli)	Aug-24	Grand Haven, MI
Great Roofing & Restoration <i>Provider of residential and commercial roofing and restoration services</i>	Omnia Exterior Solutions (CCMP Capital Advisors)	Aug-24	Westerville, OH
Best Choice Roofing & Home Improvement <i>Provider of roofing and exterior remodeling services</i>	Brightstar Capital Partners	Aug-24	Hendersonville, TN
D & D Roofing <i>Provider of roofing and sheet metal services</i>	Bell Roofing	Aug-24	LaGrange, GA
Independent Roofing Systems <i>Provider of commercial roofing services</i>	Rampart Exterior Services (Huron Capital)	Aug-24	Pearl, MS
Nations Roof <i>Provider of residential roofing services</i>	AEA Investors	Jul-24	Mobile, AL
Sterling Commercial Roofing <i>Provider of commercial roofing services</i>	Tecta America (Altas Partners)	Jul-24	Sterling, IL
Pelt Roofing & Construction <i>Provider of roofing services catering to residential and commercial customers</i>	Results Roofing	Jul-24	Keller, TX
Specialty Roofing <i>Provider of roofing services intended for commercial and residential clients</i>	Infinity Home Services (Freeman Spogli)	Jul-24	Spokane, WA
Stratus Construction & Roofing <i>Provider of re-roofing and building exterior services</i>	Noland's Roofing (Dunes Point Capital)	Jun-24	Maitland, FL
Action Roofing <i>Provider of residential and commercial roofing services</i>	Peak Roofing Partners (Exuma Capital Partners)	Jun-24	Pompano Beach, FL
Aspen Exteriors <i>Provider of residential roofing services</i>	Madsky (Aquiline Capital Partners)	Jun-24	Ramsey, MN
Crowther Roofing & Cooling <i>Provider of residential and commercial roofing services</i>	Roofing Corp of America	Jun-24	Fort Myers, FL
PB Roofing <i>Provider of residential and commercial roofing services</i>	Core Roofing Systems (Shoreline Equity Partners)	Jun-24	Elmwood Park, NJ
Hero Roofing <i>Provider of residential and commercial roofing services</i>	Omnia Exterior Solutions (CCMP Capital Advisors)	Jun-24	Newnan, GA

Skyway Capital – Firm Overview

Our team of 45+ professionals includes senior investment bankers with 25+ years, on average, of experience and expertise in mergers and acquisitions (M&A), capital markets, and private capital advisory. The firm is focused on middle-market businesses and has completed more than 200 transactions with a total transaction value exceeding \$15 billion

M&A Advisory

Skyway Capital is a middle-market investment bank led by a team of highly experienced professionals, providing tailored sell-side and buy-side advisory services.

Capital Markets Advisory

Our team maintains a deep network of investor relationships and access to a wide range of capital sources to help companies obtain the necessary capital for achieving their growth, liquidity, and financing objectives.

Private Capital Advisory

Working with a select group of best-in-class sponsors, Skyway Capital helps structure offerings that provide investors with attractive features and risk-adjusted returns.

Nationwide Coverage



★ - Indicates select active & completed transactions

Sector Coverage

BUSINESS SERVICES

HEALTHCARE

INDUSTRIALS

FINANCIAL SERVICES

CONSUMER

Skyway Capital – Firm Overview (cont.)

Senior M&A Bankers



Jim DiCesaro, CFA
Senior Managing Director



Keith Hodgdon
Senior Managing Director



Jeff Hunt
Senior Managing Director



Russ Hunt
Senior Managing Director



Roger Overby
Senior Managing Director



Recent M&A Transactions

acquired by

Skyway Capital – Business Services Team

Senior Business Services Bankers



Keith Hodgdon
Senior Managing Director



Jim DiCesaro, CFA
Senior Managing Director



Business Services Focus

**FACILITY &
RESIDENTIAL SERVICES**

**ENGINEERING
SERVICES**

**PROFESSIONAL &
TECH-ENABLED
SERVICES**

**HUMAN CAPITAL
MANAGEMENT**

**TRAINING &
EDUCATION**

**MARKETING
SERVICES**

Select Business Services Transaction Experience

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