



Roofing Contracting: M&A Market Update

2025

KPMG Corporate Finance LLC



Significant Experience Advising on Roofing Transactions

Corporate Finance – M&A Advisory



KPMG Corporate Finance

acted as the sole financial advisor to Sterling Commercial Roofing on its sale to Tecta America Corporation



KPMG Corporate Finance

acted as the sole financial advisor to Pax Services Group on its sale to New State Capital Partners



KPMG Corporate Finance

while at a prior firm, members of KPMG Corporate Finance advised Nations Roof on its investment from Acacia Partners



Active Transaction

KPMG Corporate Finance

actively advising the shareholders of a residential roofing and home services platform on a potential equity sale

Financial Due Diligence



KPMG Transaction Services

provided buy-side due diligence to FirstService in connection with its acquisition of Roofing Corp of America



Redacted

KPMG Transaction Services

provided buy-side due diligence for the platform acquisition of a residential and commercial roofing company based in Atlanta, Georgia

Redacted (Two US Roofing Assets)

KPMG Transaction Services

provided buy-side due diligence for two contemplated transactions in the Southeastern United States

Active Transaction (Two Roofing Assets Under Diligence)

KPMG Transaction Services

providing buy-side due diligence for a contemplated transaction of a roofing services business

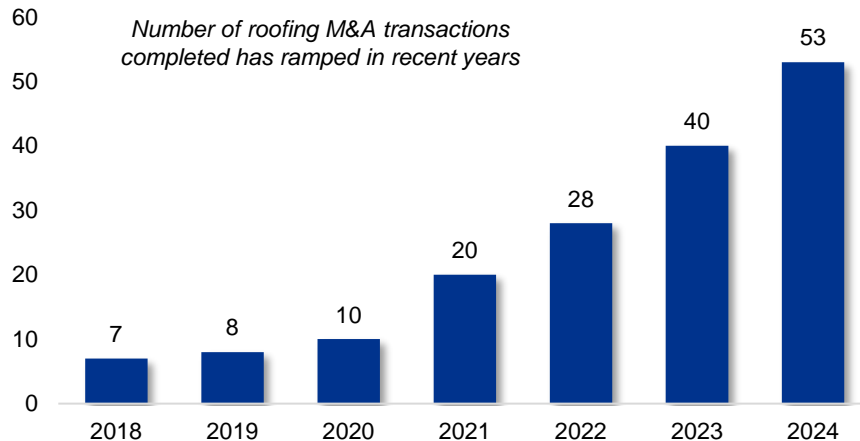
Note: "Corporate Finance – M&A Advisory" represents advisory services provided by KPMG Corporate Finance LLC. "Financial Due Diligence" represents services provided by KPMG LLP.

Roofing Contracting Industry and M&A Perspectives

Market Observations

- Roofing Contracting is a large, highly fragmented industry – market size of over **\$50BN**, with the top three largest companies only holding **~6% market share** in the U.S.
- A variety of fundamental industry characteristics contribute to a compelling investment thesis for institutional capital and strategic acquirors, including:
 - **Non-discretionary nature** of roof repairs mitigates economic cyclical risk and creates a robust demand driver
 - **Recurring and re-occurring** revenue produced by service, maintenance, and re-roofing work creates a durable revenue profile
 - **Ageing stock** of commercial and residential facilities drives the need for roof repairs and maintenance
 - **Highly fragmented competitive landscape** presents an opportunity for accretive M&A growth strategies
- The market is generally segmented between **residential versus commercial** operators, each segment possessing unique characteristics that are appealing to various pools of acquirors.
- While private equity and consolidation activity have been robust in recent periods, the industry outlook for M&A remains positive.
 - **For sellers and business owners**, there is an active market of enthusiastic acquirors. Private equity funds remain interested in an initial investment into the roofing industry, while existing platforms are searching to “bolt-on” acquisitions to rapidly expand operations.
 - **For acquirors**, roofing remains massively fragmented relative to other industries, many independent companies are seeking professionalization and additional resources in an increasingly competitive environment, and precedent market returns point to a promising M&A strategy.

Robust M&A Transaction Volume in Recent Periods...



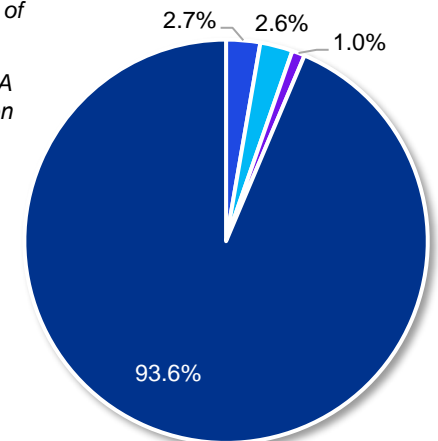
Note: Represents count of select U.S. transactions based on KPMG research
 Source: Pitchbook, Capital IQ, IBISWorld

...While Remaining a Highly Fragmented Competitive Landscape

Largest companies represent ~6% of market

Significant fragmentation and M&A “white space” despite consolidation activity

- Tecta America
- CentiMark Corporation
- Erie Home
- All Others



Market Segmentation and Observations – Commercial

Commercial and residential market segments have unique characteristics that are carefully evaluated by the M&A markets



	Commercial Roofing – Key Characteristics	Observations
Project Size and Dynamics	<ul style="list-style-type: none"> ▪ Larger, fewer projects ▪ Longer duration to complete 	<ul style="list-style-type: none"> ▪ Project concentration is a key concern in Commercial roofing; focus on backlog and pipeline ▪ Significantly large projects in the recent financial period are analyzed thoroughly while valuing the business
Go-to-Market Strategy	<ul style="list-style-type: none"> ▪ Bid-and-proposal ▪ Direct relationships with GCs, asset managers, national accounts, or building owners 	<ul style="list-style-type: none"> ▪ Companies may have proven models or differentiators in utilizing various strategies ▪ Maintaining a “localized” operation is key: brand reputation, labor dynamics, and roof type vary by geography
End Customer / Payor	<ul style="list-style-type: none"> ▪ Commercial (private) entities ▪ Institutions ▪ Government 	<ul style="list-style-type: none"> ▪ While breadth of capabilities and network connectivity are valuable, contractors with a proven niche and/or core competency are viewed as durable and differentiated ▪ Repeatability of core competency in new markets is important
Labor and Operations	<ul style="list-style-type: none"> ▪ Sales and estimating are typically in-house, W-2 employees ▪ Self-perform vs. subcontracting production – varies widely by company 	<ul style="list-style-type: none"> ▪ Consistency, discipline, and focus on margin are primary differentiators in project estimating ▪ Quality, availability, and safety are key production concerns, particularly with greater utilization of subcontractors
Project Type	<ul style="list-style-type: none"> ▪ New construction, re-roof, service ▪ Flat roof, with varying technical specs ▪ High variance in types and complexity of facilities 	<ul style="list-style-type: none"> ▪ Acquirors predominantly seek re-roofing and service. New Construction tends to be undervalued in M&A markets ▪ Complex projects requiring technical specializations often lead to opportunities for higher margins

Market Segmentation and Observations – Residential

Commercial and residential market segments have unique characteristics that are carefully evaluated by the M&A markets



	Residential Roofing – Key Characteristics	Observations
Project Size and Dynamics	<ul style="list-style-type: none"> High volume of smaller projects “Quick turn” jobs 	<ul style="list-style-type: none"> The ability to maintain a higher velocity of smaller projects tends to drive value Typically less meaningful variation in projects compared to commercial projects
Go-to-Market Strategy	<ul style="list-style-type: none"> Door-to-door sales Digital marketing Relationships with HOAs, REITs, and asset managers 	<ul style="list-style-type: none"> “One-to-many” type relationships (i.e., HOAs) can lead to a captured, sizable customer base Door-to-door sales organizations are increasingly becoming more sophisticated through digital marketing and the utilization of new technologies
End Customer / Payor	<ul style="list-style-type: none"> Retail (consumer pay) Event-driven (insurance pay) 	<ul style="list-style-type: none"> Varying opinions (no consensus) in the M&A market on the preferred payor model, though a strategic mix of retail and event-driven business can enhance value Focus on scalability, cyclical risk, and knowledge of the customer / market
Labor and Operations	<ul style="list-style-type: none"> Historically, salespeople are primarily independent contractors Self-perform vs. subcontracting production – tendency to subcontract 	<ul style="list-style-type: none"> Trend towards W2 sales labor models for residential roofers (vs. 1099s) For subcontractor models, access to a broad network of reliable and skilled labor is critical for rapid organic expansion
Project Type	<ul style="list-style-type: none"> New construction, re-roof, service Single-family homes (steep slope) vs. multifamily Primarily asphalt shingle; frequency of other materials (tile, metal, clay, and more) is largely based on geography 	<ul style="list-style-type: none"> Acquirors predominantly seek re-roofing and service. New Construction tends to be undervalued in M&A markets Specialty materials (clay, slate, etc.) typically lead to higher per-project revenue and gross margin

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- Unique insights into investor priorities and behaviors

*Refers to the global Corporate Finance practices of KPMG International's network of independent member firms.



Experienced Transaction Team

Dedicated Industry Transaction Team



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