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PROSALES 100 Reveals How America’s Top Construction Supply Companies Fared in 2009

Washington, D.C. May 5, 2010. Revenue at America’s biggest construction supply companies fell an average 24.1% in 2009, a year that saw them lay off thousands more workers and close another 250 facilities, the 2010 PROSALES 100 reveals.



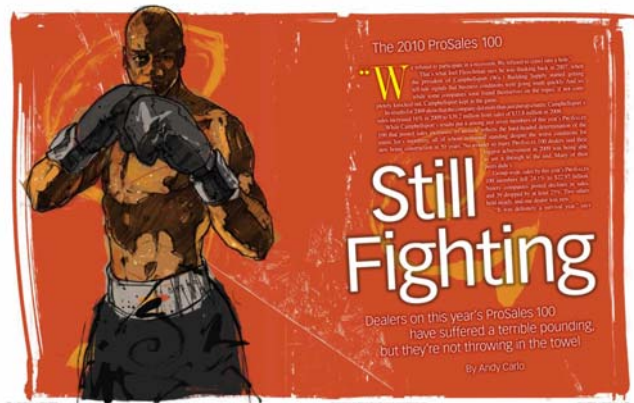
The annual report, produced by Hanley Wood’s PROSALES magazine each May and released today on prosalesonline.com, found that PROSALES 100 companies sold a total of \$22.97 billion worth of goods last year. Ninety of the companies reported declines in revenue, and for 39 of them the drop exceeded 25%. Only seven of the 100 companies posted an increase in total sales, two held steady, and one dealer was brand new.

The PROSALES 100 is the premier report on construction supply companies that garner more than half their revenues from professional builders. Large operations that cater primarily to retail customers, such as The Home Depot, Lowe’s and Menards, are excluded, thus making it possible to examine more accurately the pro-oriented side of the lumber and building material industry.

PROSALES 100 members closed a total of 250 facilities last year, cutting their total count 7.4% to 3,391. As in 2008, the top 10 accounted for the lion’s share of the total—240 facilities. In addition, at the 50 biggest companies that responded to both last year’s and this year’s surveys, total payroll count dropped by more than 20%, to reach nearly 53,000 workers.

The cuts and falls are understandable given the housing industry’s crash in recent years. In 2009 alone, housing starts dropped by 39% from 2008, the U.S. Census Bureau reported. In such an environment, it’s no surprise that many dealers said their biggest achievement was surviving.

But this year’s PROSALES 100, entitled “Still Fighting,” also is a story about dealers who refused to quit in the face of economic adversity. As some major dealers disappeared in 2009, this collective 100 got down to work, with some regrouping, others expanding.



"Dealers on this year's PROSALES 100 demonstrated they are tough as nails and would not give up despite one of the worst housing downturns in decades," says Andy Carlo, PROSALES senior editor and author of the report.

"The survey also reflects some interesting long-term trends in the industry," adds PROSALES editor Craig Webb. "For instance, while a traditional full-service building material dealer—ProBuild—remains No. 1 on the list, two specialty distributors—ABC Supply and Beacon Roofing Supply—occupy the second and third spots. In addition, a drywall business—USG's L&W Supply—ranks seventh, while Roofing Supply Group is eighth."

Turbulence also was a hallmark of this year's PROSALES 100. Most notable is U.S. LBM of Green Bay, Wis., which came into existence last October with a lineup of facilities that had previously been owned by Stock Building Supply. In just its first two months of operation, U.S. LBM did enough business to finish 81st on the list, and with recent expansion and a full year under its belt, it looks likely to be a top 15 business next year.

This is the fourth straight year that Denver-based ProBuild tops the list, despite experiencing a 27.3% decrease in total sales to \$3.2 billion. ABC Supply of Beloit, Wis., moved into second with \$2.68 billion in sales, down 6.9% from 2008, while Peabody, Mass.-based Beacon Roofing Supply moved into third at \$1.73 billion, just 2.8% behind 2008's pace. Bradco Supply of Avenel, N.J., came in fourth at \$1.46 billion, and Stock Building Supply of Raleigh, N.C., which reorganized last year and shed 130 facilities, slipped from second to fifth place with \$1.43 billion in sales, down \$53.9% from 2008.

Rounding out the top 10 were 84 Lumber, Eighty Four, Pa.; L&W Supply, Chicago; Roofing Supply Group, Dallas; BMC Select (known as Building Materials Holding Corp. before it reorganized at the end of last year), Boise, Idaho; and Builders FirstSource, Dallas. (The actual rankings are based sales made to professional builders. In the case of the top 10, the rankings hold true whether one uses all sales or sales made solely to professional builders. Further down the list, the percentage of pro sales can make a difference in a company's ranking.)

"Spending on information technology appears to be going up," adds Mark Taussig, PROSALES' publisher. "Last year, 49% of the PROSALES 100 respondents said they intended to spend less than 0.25% of their revenues on information technology. That's down to 36% this year. Meanwhile, the share expecting to spend more than 1% has doubled, to 6% of the entire group."

Close to two-thirds of the PROSALES 100 members install products as well as sell them, most often windows, entry doors, and cabinetry. Roughly the same percentages of the companies manufacture components. Prehung doors are the most popular component manufactured.

PROSALES magazine provides residential construction companies with information, insights and advice on improving sales and service. Data for the 2010 PROSALES 100 was collected by a mailing to approximately 230 companies known to be among America's largest. For more information on the magazine or PROSALES 100, visit prosalesonline.com and click on the tab near the top marked "PROSALES 100."

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