



CONSTRUCTION & ENGINEERING SERVICES

Deal flash, February 2018

CREATING A HIGHLY DIVERSIFIED MARKET LEADER IN THE US CABINETRY MARKET

Deal snapshot

- RSI Home Products, Inc. (RSI), a leading manufacturer of kitchen and bath cabinetry and home storage products, has been acquired by American Woodmark Corporation (NASDAQ: AMWD), a manufacturer and distributor of kitchen cabinets and vanities for the remodeling and new home construction markets. The deal is valued at approximately US\$1.1 billion comprising cash, stock and assumed debt.
- Entrepreneur Ron Simon founded RSI in 1989 to offer high-quality, low-cost, value-based kitchen, bath and home organization products. Today, RSI is one of the largest in-stock and value-based cabinet makers in North America, providing kitchen, bathroom, home and garage organization cabinetry, countertops and accessories with over 100 styles and finishes to home centers, builders, dealers and remodeling contractors. The company, with over 4,200 employees, has manufacturing and distribution facilities in California, North Carolina, Texas and Mexico.
- American Woodmark Corporation, a major manufacturer of quality kitchen and bath cabinets for the home, distributes its products on a national basis directly to home centers, major builders and through a network of independent distributors. The company currently operates nine manufacturing facilities and seven service centers across the country.
- The combined company will have approximately US\$1.6 billion in pro forma annual revenue along with a broader product portfolio that is well positioned to deliver growth, improved profitability and shareholder value. Annual run-rate synergies are anticipated to be US\$30–40 million, phased in over three years, to be achieved through identified opportunities in sales and marketing, purchasing and manufacturing efficiencies through the sharing of operational best practices.



Our role in the transaction

Oaklins' Los Angeles team acted as the exclusive financial advisor to the shareholders of RSI.



Market trends and deal drivers

The US cabinet industry is large and growing, and is expected to grow at a CAGR of 6% through 2019. A number of drivers will propel the industry in the short term:

- The housing market is still recovering and continuing to release pent-up demand, driving future growth.
- Deferred repairs and restoration spending due to the recession is beginning to be released.
- Single- and multi-family housing built during 1996 to 2006 are entering a remodeling period.
- Continued credit availability, an improving job market and recovering home prices are driving consumer confidence and home improvement spending.

M&A valuation aspects

The process was carefully targeted at a select number of strategic buyers with the most logical synergies. This ensured that an attractive multiple was achieved for a premium business.

Oaklins industry specialists



✉ **Gary S. Rabishaw**, Managing Director, Oaklins, USA

Gary has been involved in numerous domestic and cross-border corporate finance transactions, including mergers and acquisitions, as well as private equity capital raising and financing transactions for companies across a wide range of industries, such as industrial products, building products, consumer products and business services. Gary advised on the sale of Tropitone Furniture Co. Inc. to Brown Jordan International Inc.



✉ **Jeremiah Mann**, Managing Director, Oaklins, USA

"Building products continue to be an attractive sector for US strategic and private equity buyers. RSI Home Products, as a leader in the cabinet industry with a unique culture that drove industry-leading margins, partnered with multiple private equity groups over its lifecycle. The merger with American Woodmark represents a new opportunity for the RSI team to drive value across a larger platform."

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Oaklins is the world's most experienced mid-market M&A advisor, with 700 professionals globally and dedicated industry teams in 40 countries worldwide. We have closed over 1,500 transactions in the past five years.