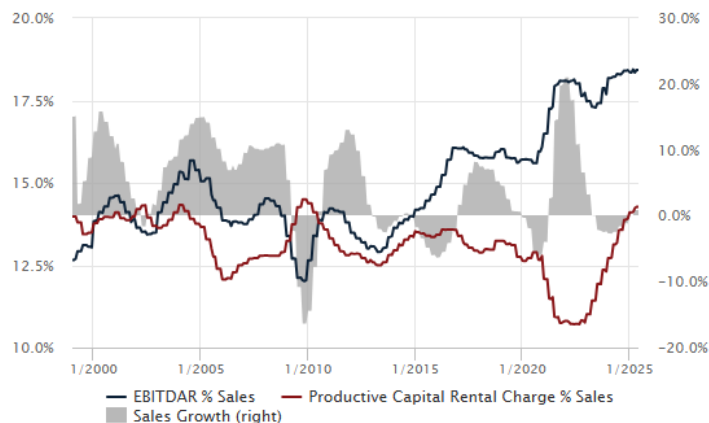


Industry Snapshot: Global Building Products

- **Summary:** Aggregate economic profitability has contracted significantly since 2022 but remains above pre-COVID highs, driven by EBITDAR Margin expanding to record highs. Sales growth turned positive in January, but asset efficiency has continued to worsen, leading to a sustained pressure on EVA Momentum (growth). EVA Fundamentals are yet to see a meaningful improvement while market expectations have significantly increased since 2024, leaving us with a negative view at this stage.
- **EVA Drivers:** Sales growth (TFQ) turned positive in January after an 18-month downturn since mid-2023. EBITDAR Margin has stabilized around all-time highs, up 20bps since Q4 2023 to 18.4%. The Productive Capital Charge (higher is less favorable) has expanded to the highest levels since 2009, on weak top-line growth and increased investment.
- **EVA Fundamentals:** EVA Margin remains 30bps above pre-COVID highs, at 1.2%, but has seen a 320bps contraction from 2022 peaks given the worsening Capital intensity. EVA Momentum (growth) turned negative in Q3 2022, saw some recovery between late 2023 and early 2024 but has since deteriorated on a plateauing EBITDAR Margin and worsening Capital charge.
- **Expectations:** Embedded growth expectations (Future Value Added, FVA) had slightly come down in late 2024 but have since recovered to historic highs. MVA Spread, our measure of economic price-to-book, was trading at 128% at the end of May, recovering close to 2024 peak, as investors place a higher premium on the industry's EVA Capital base through the first five months of the year.

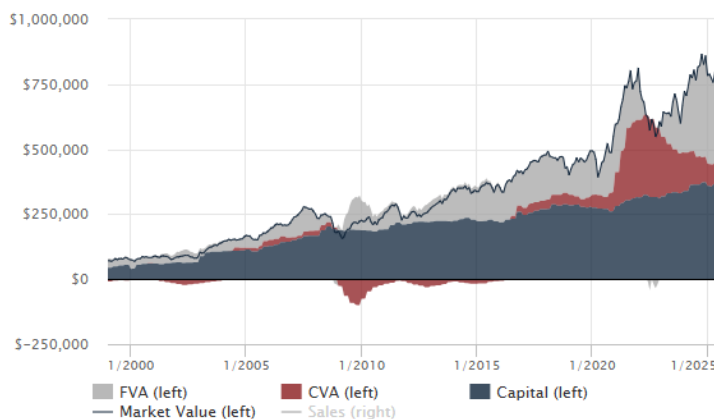
EVA Drivers



EVA Fundamentals



Enterprise Value Components



Market Value Added (MVA) Spread



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About ISS EVA

We are an independent equity research provider offering investing insights through the use of our proprietary Economic Value Added (EVA) framework. Our experienced team of global analysts offers both fundamental and quantitative company analysis on our +29,000 stock universe.

Visit our website www.EVAexpress.com

Top 10 Largest Firms by Market Cap

- The cohort, on average, has strong Risk-Adjusted Profitability but PRVit is dragged down given expensive Valuations.
- TT**, **LII**, and **CSL** look the most attractive within the framework ('Overweight'). These firms also demonstrate positive EVA Fundamentals as of the latest financials.
- The four largest firms, **TT**, **JCI**, **CARR**, and **SGO FP** have seen between 2 and 6 consecutive quarters of EVA Momentum improvement
- All firms in the list currently achieve an ISS ESG Prime rating (ISS ESG Performance score ≥ 50).

Name	Ticker	Country	Mkt Cap (\$mm)	EVA Margin (%)	EVA Momentum (%)	EVA Momentum Post-Inflection Count	PRVit Score	Quality (P-R)	Profitability Score (P)	Risk Score (R)	Valuation Score (V)	Return YTD	ESG Perf Score
TRANE TECHNOLOGIES PLC	TT	U.S.	96,613	9.3%	2.2%	6	68	98	91	7	94	16.8%	61.74
JOHNSON CONTROLS INTL PLC	JCI	Ireland	66,879	-0.2%	0.5%	3	33	72	60	21	71	28.9%	58.92
CARRIER GLOBAL CORP	CARR	U.S.	61,704	2.2%	-2.1%	2	32	66	53	19	80	4.6%	54.46
COMPAGNIE DE SAINT GOBAIN	SGO FP	France	56,798	-0.9%	-0.3%	4	40	41	42	51	33	15.3%	55.81
ASSA ABLOY AB	ASSAB SS	Sweden	35,254	1.1%	-1.1%	-1	40	61	48	19	63	-6.1%	54.76
DAIKIN INDUSTRIES LTD	6367 JP	Japan	33,711	1.6%	-0.9%	-4	48	60	51	29	38	-10.3%	63.85
GEBERIT AG	GEBN SW	Switzerland	25,275	15.9%	-0.5%	-2	39	90	80	13	98	21.6%	63.06
LENNOX INTERNATIONAL INC	LII	U.S.	20,070	11.0%	1.7%	-1	67	96	91	14	91	-7.2%	52.06
CARLISLE COS INC	CSL	U.S.	16,532	11.5%	2.4%	-2	66	94	91	24	87	3.6%	51.51
KINGSPAN GROUP PLC	KSP ID	Ireland	15,581	2.0%	-0.9%	-3	20	50	51	50	64	7.6%	62.87
Average				5.3%	0.1%		45	73	66	25	72	7.5%	57.90

PRVit is scored 0 to 100 where 100 is the most attractive. Profitability and Quality are both scored 0 to 100 where 100 is the best. Valuation is scored 0 to 100 where 100 is the most expensive.

Top 10 Highest PRVit Firms

- The cohort has strong Quality (P – R), though 4 points lower than that of the Top 10 Largest Firms, coupled with cheap Valuation levels, on average.
- 002011 CH**, **5393 JP**, **5930 JP**, and **DOKA SW** saw positive EVA Fundamentals as of the latest reported financials.
- DOKA SW** currently achieves an ISS ESG Prime rating (ISS ESG Performance score ≥ 50).

Name	Ticker	Country	Mkt Cap (\$mm)	EVA Margin (%)	EVA Momentum (%)	EVA Momentum Post-Inflection Count	PRVit Score	Quality (P-R)	Profitability Score (P)	Risk Score (R)	Valuation Score (V)	Return YTD	ESG Perf Score
ZHEJIANG DUN'AN ART	002011 CH	China	1,668	3.1%	0.9%	1	99	91	82	14	38	4.3%	
NICHIAS CORP	5393 JP	Japan	2,353	7.3%	1.4%	1	94	93	80	5	28	-9.6%	23.44
FLETCHER BUILDING LTD	FBU NZ	New Zealand	2,014	-4.8%	-2.6%	2	94	41	20	8	9	10.2%	42.30
BUNKA SHUTTER CO LTD	5930 JP	Japan	1,075	2.7%	0.5%	2	92	84	76	23	21	12.6%	
TAKARA STANDARD CO LTD	7981 JP	Japan	1,078	-0.2%	0.1%	2	89	68	47	3	7	39.6%	8.81
GIBRALTAR INDUSTRIES INC	ROCK	U.S.	1,728	0.9%	-0.9%	-3	89	69	56	20	28	-0.5%	39.31
DORMAKABA HOLDINGS AG	DOKA SW	Switzerland	3,737	2.5%	1.0%	3	87	93	81	4	58	13.7%	60.80
BEIJING NEW BLDG MAT CO LTD	000786 CH	China	6,728	3.1%	-2.6%	-4	87	67	52	13	48	-5.4%	36.27
CHINA LESSO GROUP HLDGS LTD	2128 HK	China	1,555	-4.9%	-3.4%	2	86	27	22	46	4	10.7%	31.30
ETEX NV	094124453 BB	Belgium	1,316	2.5%	-2.6%	2	85	58	48	26	11	-3.5%	
Average				1.2%	-0.8%		90	69	56	16	25	7.2%	34.60

ESG Performance Score provides a numerical score from 0 to 100. Prime Status is based on the ESG rating and a sector-specific Prime threshold. The ESG Rating and Performance Scores, however, are comparable across all rated entities. All rated entities with values greater than or equal to 50 are Prime; companies with values less than 50 are not Prime.

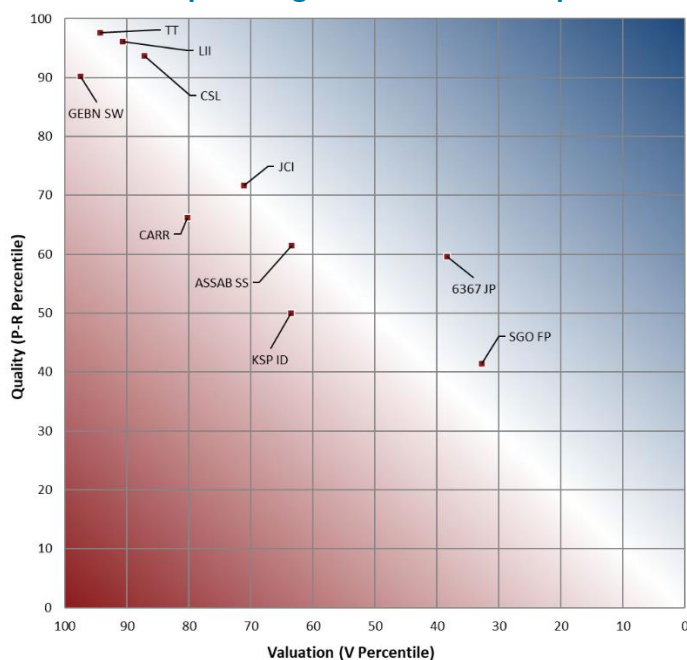
See page 3 for HEAT Maps of the Largest Firms and the Most Attractive Firms.

HEAT Maps

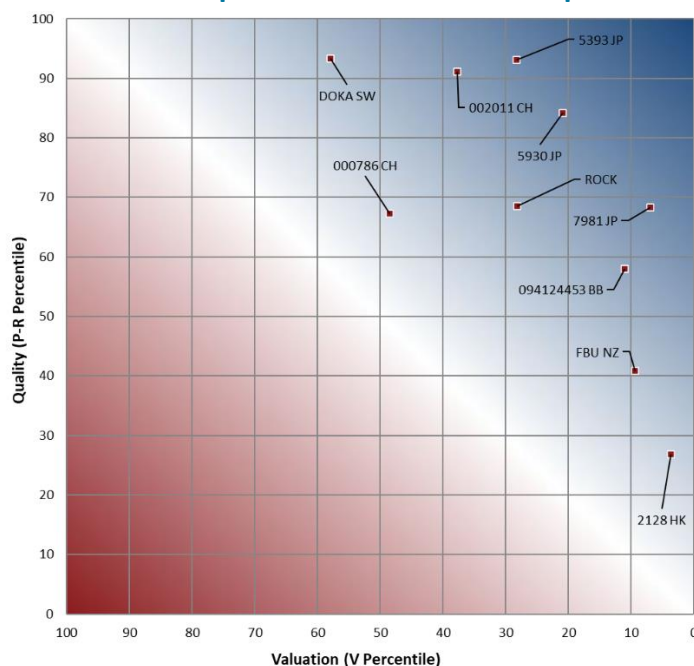
Our HEAT Map shows the visual trade-off between Quality (y-axis) and Value (x-axis). Higher Quality firms will be found at the top of the HEAT Map and cheaper Valuation firms will be further to the right. The companies in the upper-right corner are high-Quality, cheap-Value names with the most attractive PRVt scores.

- The HEAT Map on the left illustrates the largest firms in the industry, individually placed as a function of Quality and Valuation Rankings.
 - **TT**, **LII**, and **CSL** have strong Quality at high Valuations, placing the firm in the 'Expensive but Worth It' HEAT Map zone.
 - **GBN SW**, **CARR**, and **ASSAB SS** are in the 'Overly Expensive Quality' HEAT Map zone.
- The HEAT Map on the right shows the most attractive names of the industry.
 - **5393 JP**, **002011 CH**, **5930 JP**, **ROCK**, and **7981 JP** are within the 'Best of the Best: High Quality & Cheap' HEAT Map zone. The firms in this zone exhibit strong Quality (P-R) combined with favorable (cheap) Valuation levels.
 - **2128 HK** is in the 'Attractive Value' HEAT Map zone, reflecting relatively low Quality but at very low Valuation.

Top 10 Largest Firms HEAT Map



Top 10 PRVt Firms HEAT Map



About ISS EVA

We are an independent equity research provider offering investing insights through the use of our proprietary Economic Value Added (EVA) framework.

EVA converts accounting profits into economic profits and charges businesses for the use of Invested Capital. EVA is superior to traditional measures of profit because it is comparable across companies, industries, and countries, links to a consistent, transparent valuation framework, and provides a unique, unbiased view of Quality, Value, and Growth.

Our experienced team of analysts offers both fundamental and quantitative company analysis through written research, bespoke research, a stock selection model, an online analytical tool offering +29,000 companies as viewed through the EVA framework, custom screening, and portfolio analysis.

Key EVA Concepts

The value of a firm = Capital + PV of EVA

If EVA is increasing then the intrinsic value of the firm is too, suggesting that market value should follow (and vice versa).

EVA = NOPAT - Capital Charge

EVA is profit after all costs, including the cost of giving shareholders a decent return.

EVA Margin = EVA / Sales

A true economic profit margin covering income and asset efficiency. Our EVA Income Statement examines EVA's line item drivers and offers key insights into business profitability.

EVA Momentum = Δ EVA / Sales

An incremental EVA growth rate indicator and key valuation signal and screening measure. The more positive the Momentum, the greater the growth in EVA, and upward pressure on shareholder returns. Inflections in EVA Momentum are an early and more reliable indicator of stock price inflections.

EVA Shock = Δ EVA Momentum

Changes in EVA Momentum is a powerful signal within our framework, with significant relationship with stock price performance.

Market Implied Momentum (MIM)

The annual EVA improvement required for 10 years to justify the prevailing market enterprise value, expressed as a percent of sales; represents a market implied, long-range EVA margin improvement target.

Future Growth Reliance (FGR) = (Market implied value of future EVA growth) / EV

Measures the % of a company's total enterprise value represented by expectations for future growth in EVA. FGR is key to understanding embedded expectations today and versus history. A low FGR versus history coupled with improving EVA trends indicates that the market is not pricing in the improving business model.

Additional Resources

evaExpress.com ([link](#)): Our online offering provides a comprehensive suite of fundamental and quantitative tools utilizing the EVA framework

EVA for Investors ([link](#)): A full introduction to the key EVA concepts and metrics

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