DOUGHERTY & COMPANY LLC
Equity Research

Consumer - Retail

September 27, 2013

PGT, Inc.

PGTI – NASDAQ

Rating: Buy

Price Target: $13.50

Reason for Report: Initiation of Coverage

Dominant player positioned to capture secular growth in impact products market

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Changes	Previous	Current
Rating	N/A	BUY
Price Target	N/A	$13.50
FY 2013 EPS	N/A	$0.39
FY 2013 Revenues	N/A	$223.3

Price	$9.80
52-Week Range	$3.17-$11.69
Shares Outstanding (mil)	45.8
Market Capitalization (mil)	$448.4
Enterprise Value	$510.4
Average Daily Trading Volume (mil)	0.659
Book Value	$1.36
Dividend Yield	N/A

EPS	FY11	FY12	FY13E		FY14E
Mar	$ (0.06)	$ (0.01)	$ 0.06	A	
June	0.00	0.07	0.14	A	
Sept	0.02	0.05	0.12	E	
Dec	(0.07)	0.06	0.11	E	
FY	**$ (0.10)**	**$ 0.16**	**$ 0.39**	E	**$ 0.51**
P/E	NM	60.5x	24.9x		19.2x

Revenue (MM)					
Mar	$ 40.6	$ 38.1	$ 49.6	A	
June	45.2	46.5	62.8	A	
Sept	45.8	44.7	57.8	E	
Dec	35.7	45.2	53.1	E	
FY	**$ 167.3**	**$ 174.5**	**$ 223.3**	E	**$ 262.9**
P/S	2.7x	2.6x	2.0x		1.7x

Investment Conclusion:

PGT, Inc. (PGTI) is uniquely positioned to benefit from the strong rebound in the Florida housing market and rapidly grow sales of its impact-resistant windows and doors products. PGTI is the dominant player in the impact window and door market in Florida with an approximate 60% market share. PGTI is likely to maintain or grow its market share in the foreseeable future due to several competitive advantages including: 1) structural cost advantages from the ability to produce its own laminated glass; 2) the broadest distributor network in Florida; 3) unmatched lead times and a sterling reputation for on-time product deliveries; and 4) A full suite of product offerings across the impact market. With significant opportunity to expand margins as the company adds capacity and becomes more efficient with its labor force and material handling, we believe PGTI will grow EBITDA at 30%+ over the next two to three years. We are initiating coverage of PGTI with a Buy rating and $13.50 price target based on 13.0x our FY14 EBITDA estimate of $50 million.

Key Points:

- **The recovery in Florida's new home construction market is in the very early stages with housing permits/starts at about half of normalized levels over the past 20 years.** While the number of housing starts in Florida is up over 40% YTD, we believe the improvement will continue for several years to come as the 20 year avg starts in Florida is 100 K and the state is on track for only 60 K in 2013. We forecast the improvement in the Florida new construction market to improve at a 20% CAGR for at least the next 3 years.

- **We believe a steady conversion by consumers to "passive" impact products from "active" impact products provides PGTI with a $200 M market opportunity over the next 3 years.** While PGT's new construction segment fell 80% from peak to trough, the Repair & Remodel segment only fell 20% from its peak to trough. We believe this indicates a steady shift by builders and consumers towards "passive" storm solutions, such as impact-resistant windows and doors from "active" impact solutions, such as shutters and plywood boards to protect homes during storms.

- **PGTI has strong and defensible competitive advantages in the Florida market that should allow the company to gain market share.** We estimate that PGTI has a 60% share of the impact-resistant windows and doors market in Florida and believe that share will be maintained or grow over the next several years as the market continues to recover. PGTI's vertical integration allows the company to have at least a 1000 bps margin advantage over peers due to the ability to produce its own laminated glass. Furthermore, the company maintains the broadest distribution network and a complete suite of product offerings that competitors cannot match.

Business Description: PGT, Inc. (Nasdaq: PGTI), founded in 1980 and based in North Venice, FL, engages in the manufacture and supply of residential impact-resistant windows and doors. The company offers impact-resistant products, including heavy-duty aluminum or vinyl frames with laminated glass to provide protection from hurricane-force winds and wind-borne debris. The company markets its products under the WinGuard, PremierVue, PGT Architectural Systems, Eze-Breeze, and SpectraGuard brand names. PGTI provides its products to residential new construction and home repair & remodeling end markets through window distributors, building supply distributors, window replacement dealers, and enclosure contractors. It operates in the Southeastern U.S. with 85% of its business generated in Florida.

Refer to disclosures on pages 14-15 for important information.

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- **Significant margin opportunity remains as the company expands capacity, new hires become more efficient and materials handling improves.** PGTI has been growing at such a rapid pace in 2013, that the company is losing margin due to capacity constraints and inefficiencies in labor and materials. PGT has hired 35% of its workforce in 2013 and it takes at least 6 months to train a new hourly worker. We believe the company will significantly improve EBITDA margins when new capacity comes online in 2H FY14 and when top line growth slows to 15% to 20% to allow new hires to properly train and gain expertise.

- **Amortization expense stemming from initial private equity investment in 2004 has masked the strength of EBITDA generation, but is due to roll off in Q1 FY14.** PGTI has incurred nearly $6.5 M in annual amortization expense stemming from the original investment made in the company by JLL Partners that flows through SG&A expense and inflates the underlying SG&A rate. We estimate the expense has created a 200 bps to 300 bps drag on margins in FY 13.

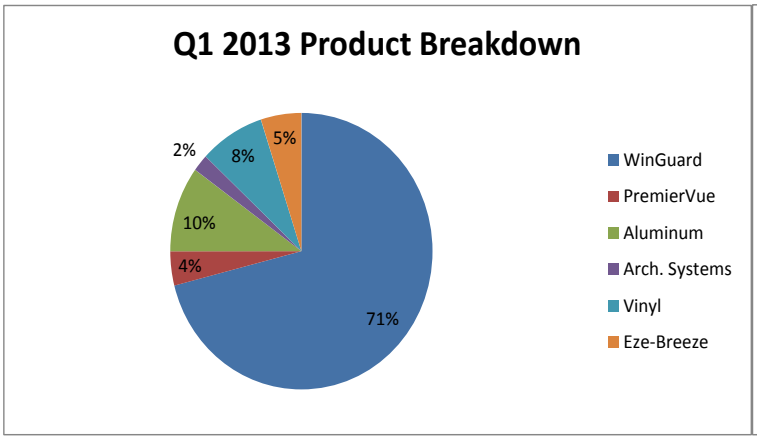
- **Recent 3% price increase likely to generate significant gross margin improvement beginning in Q4 FY13 as we believe supply constraints within the sector will cause price inelasticity.** We believe the 3% price increase announced by PGTI in August and going into effect by the end of September will cause no impact on the demand for units from customers. We estimate the price increase could provide a 150+ bps benefit to gross margins for FY14.

- **Misplaced anxiety due to the recent distribution of shares by JLL Partners, PGTI's largest shareholder, is creating an attractive entry point for the stock**. With JLL's investment in PGTI nearing 10 years old, the private equity firm has recently been monetizing its investment. On September 19th, JLL moved to distribute 6.35 M shares of PGTI stock to limited partners in its fund causing investors anxiety and PGTI stock fell more than 10% in a three day period. However, we view this move as indicating confidence from JLL that PGTI stock has significant long-term upside.

PGTI Overview, Market Background and History:

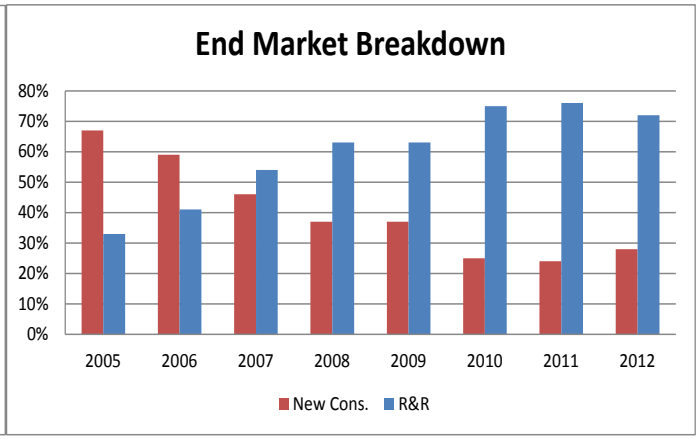
PGT, Inc. was founded in 1980 in North Venice, FL as Vinyl Tech, Inc. and the PGT brand was established in 1987. In January 2004, JLL Partners, a private equity fund, purchased 92% of PGTI for $318 M and its holdings subsequently fell to 60% of the company's stock following PGTI's IPO in 2006. PGTI is the leading manufacturer and supplier of residential impact-resistant windows and doors and pioneered the US industry shortly after Hurricane Andrew decimated Florida in 1992. The company's products combine heavy-duty aluminum or vinyl frames with laminated glass to provide protection from hurricane force winds and wind borne debris. Impact-resistant windows and doors satisfy stringent building codes that are aggressively enforced within the state of Florida and these products are considered a "passive" solution to protect a home during storms. Alternative solutions to for home protection include "active" solutions such as the use of shutters, plywood covers, etc. that require installation and removal before and after a storm. **Exhibits 1 and 2** indicate PGTI's product and end markets breakdown with the company's flagship WinGuard brand generating 70% of total sales.

Exhibit 1 –PGTI Product Breakdown



Source: Company reports

Exhibit 2 –PGTI End Market Breakdown



Source: Company reports

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The 2010 Florida building code went into effect in March 2012. Among other items, builders are required to construct homes to withstand wind speed of 120 to 180 miles per hour depending on how the county is impacted by hurricanes (see **Exhibit 3** for code indications). In 2015 a new set of code is expected to go into effect, which includes decreasing the U-value (i.e. energy efficiency) requirement from 0.60 to 0.40-0.45. PGTI has already developed products to meet the year 2015 code requirements, whereas most competitors are continuing to respond to the code changes.

Exhibit 3 –Florida 2010 Building Code zones

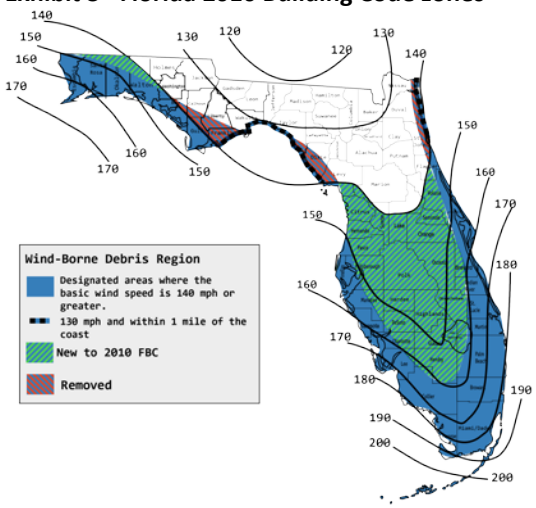

Figure 1609B Risk Category IV Buildings and Structures and Category III healthcare facilities

Product Breakdown:

- **WinGuard (70% of total sales)** - WinGuard is an impact-resistant product line and combines heavy-duty aluminum or vinyl frames with laminated glass to provide protection from hurricane-force winds and wind-borne debris that satisfy increasingly stringent building codes and primarily target hurricane-prone coastal states in the U.S., as well as the Caribbean and Central America. Combining the impact resistance of WinGuard with our insulating glass creates energy efficient windows that can significantly reduce cooling and heating costs.

- **PremierVue** - PremierVue is a complete line of impact-resistant vinyl window and door products that are tailored for the mid-to-high-end of the replacement market, primarily targeting single and multi-family homes and low to mid-rise condominiums in Florida and other coastal regions of the Southeastern U.S. Combining structural strength and energy efficiency, these products are designed for flexibility, offering both laminated and laminated-insulated impact-resistant glass options which are Energy Star rated. PremierVue's large test sizes and high design pressures, combined with vinyl's inherent thermal efficiency, make these products truly unique in the window and door industry.

- **Aluminum** - PGTI offers a complete line of fully customizable, non-impact-resistant aluminum frame windows and doors. These products primarily target regions with warmer climates, where aluminum is often preferred due to its ability to withstand higher structural loads. Adding insulating glass creates energy efficient windows that can significantly reduce cooling and heating costs.

- **Vinyl** - PGTI offers a complete line of fully customizable, non-impact-resistant vinyl frame windows and doors where the energy-efficient characteristics of vinyl frames are critical. It includes a line of energy efficient vinyl windows for new construction with wood-like aesthetics, such as brick-mold frames, wood-like trim detail and simulated divided lights. Also part of this line is vinyl replacement windows with the same superior energy performance and wood-like detail and branded the product lines as SpectraGuard. All the vinyl product lines possess options to meet the needs of the Florida market and are Energy Star rated.

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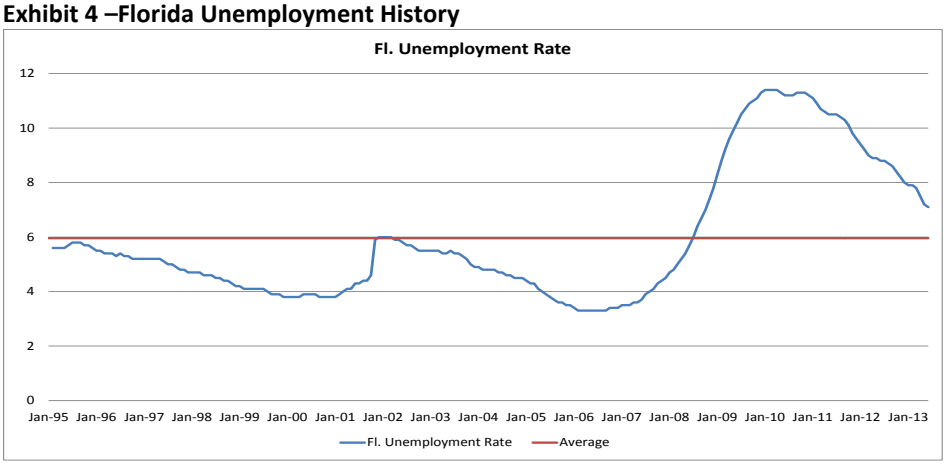
Investment Thesis Key Points:

With new home starts and the economic outlook in Florida improving PGTI's new construction segment is poised to continue the strong growth seen in FY13

According to the U.S. Bureau of Economic Analysis, Florida's state GDP grew -5.9%, 0.3%, 0.9% and 2.4% YOY in 2009, 2010, 2011 and 2012, respectively. The recovery has been driven by payroll growth, declining unemployment and a recovery in the housing market, among other things.

- ***Unemployment*** in Florida peaked in late 2010 at 11.1% (see **Exhibit 4**) but has since declined to 7.1% due in part to a decline in labor force participation. The Institute for Economic Competiveness at the University of Central Florida (IEC) expects payroll job growth to average 2.0%-2.5% annually from 2014-2016. This should result in unemployment declining to approximately 6.0% by the second half of 2016, in-line with Florida's average unemployment rate since 1995.

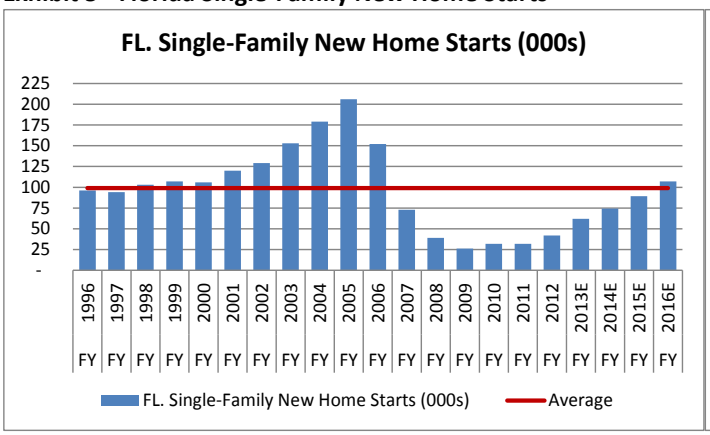
Exhibit 4 –Florida Unemployment History



Source: US Census Bureau

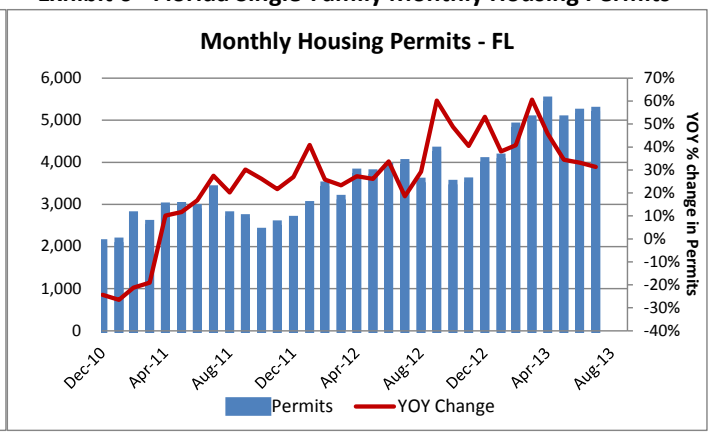
- ***PGT's new construction sales were $49 M (28% of total sales) in FY12, down 78% from the $220 M peak in 2006 as single family housing starts*** declined from 211 K units in 2005 to a low of 27 K units in 2009 (see **Exhibits 5** below). Housing starts rebounded to 44 K units in 2012, up 27% from 2011, but still remain ~80% below the 2006 peak and ~50% below the 20-year average. Moody's has forecasted single family housing starts in Florida to top 60,000 units in 2013 and we estimate the growth to continue 20% per annum to reach 107 K units by 2016. We have found monthly permits have a strong correlation with starts as well as PGT's new construction business. **Exhibit 6** indicates Florida builder permits averaged a 49% YOY increase from October 2012 to April 2013, consistent with PGTI's 50% growth in new construction business in 1H 2013. With unemployment declining and housing starts/permits continuing to improve, new home construction should rebound to near historical levels and PGTI's new construction sales should grow in tandem for the foreseeable future.

Exhibit 5 - Florida Single-Family New Home Starts



Source: US Census Bureau, Moody's, Dougherty & Co. Estimates

Exhibit 6 - Florida Single-Family Monthly Housing Permits



Source: US Census Bureau

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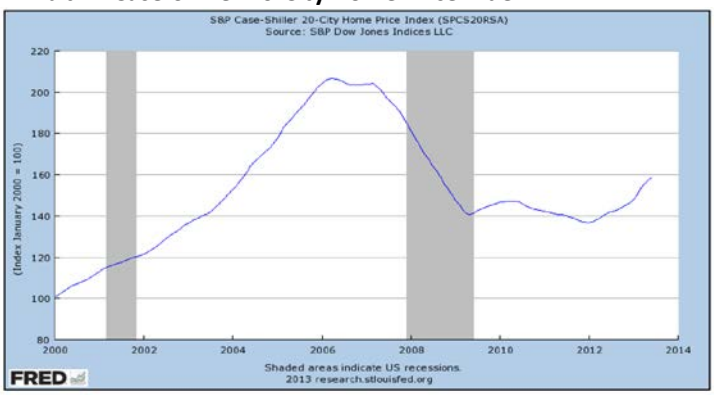
Conversion of Impact market from "Active" to "Passive" solutions presents meaningful LT opportunity

While the new construction segment sales fell 80% from peak to trough, the repair and remodel segment fell only 20% from its $152 M peak to its $121 M trough. We believe this indicates a steady shift by builders and consumers towards "passive" solutions, such as impact windows and door, from "active" impact solutions, such as shutters and plywood boards to protect homes during storms. We believe future revenue growth will be driven by: (1) organic growth, (2) hurricane activity and, most importantly, (3) share gains.

1) We believe R&R revenues are highly correlated with public wealth metrics such as home prices and consumer confidence. According to the Case-Shiller 20-City Index (see **Exhibit 7**), home prices have rebounded 16% off their lows in January of 2012. Furthermore, it appears the South Florida real estate market (PGTI's core geography) has outperformed the national average as home prices in Miami-Dade, Broward and Palm Beach counties increased 15.2%, 13.6% and 14.4% YOY, respectively, in July 2013 versus the national average of 12.4%, according to CoreLogic. With the Case-Shiller 20-City Index still meaningfully below the peak levels of 2006 and 2007, we expect the Southern Florida market to continue to outperform the national average for the foreseeable future. Due to the high correlation between housing prices and home improvement spending, we believe this will fuel demand for "passive" impact-resistant solutions.

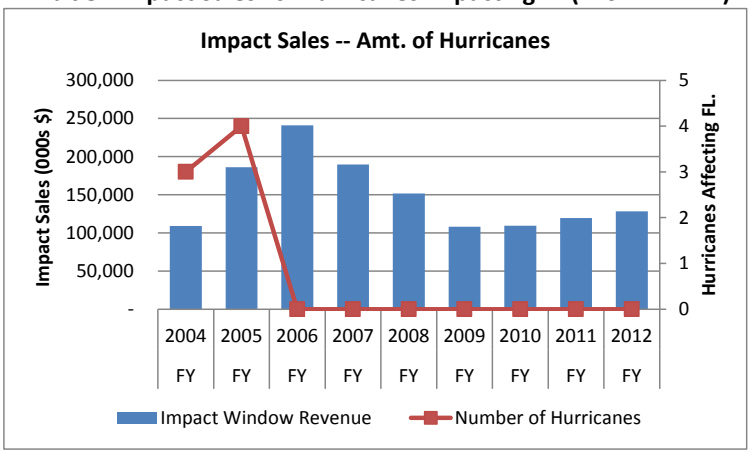
Exhibit 7 –Case-Shiller 20-City Home Price Index



Source: S&P Case-Shiller

2) An active hurricane season is one potential catalyst for growth in the repair and remodeling segment as Hurricanes draw awareness for more advanced impact-resistant products. According to the National Oceanic and Atmospheric Administration (NOAA), during the hurricane-intense period of 2004-2005 seven storms reached land in Florida; none have been recorded since (see **Exhibit 8**). We believe the lull in storm activity has resulted in homeowners opting for cheaper protection solutions such as shutters. While we are not forecasting storms in our model, we believe any such occurrence would boost the business for "passive" solution participants, like PGTI, as insurers often require impact-resistant products for repairs after storms due to the product durability.

Exhibit 8 –Impact Sales vs. Hurricanes Impacting FL (FY0 4 – FY 12)



Source: NOAA, Company Reports, Dougherty & Co. estimates

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3) "Passive" products (including windows, doors, etc.) represent nearly 30%, or $225 M, of the $800 M consolidated impact-resistant products market in Florida. While the market penetration for "passive" products grew from ~2% in 1999 to just under 30% in 2007 following the hurricane intense period of 2004-2005, market share has flatlined over the past 5 years in the absence of hurricanes. With $125 M in sales in 2012, PGTI enjoys ~60% share of the "passive" segment in Florida. We believe an increase in market penetration for "passive" products would represent a meaningfully opportunity. We estimate an increase in market penetration for "passive" impact-resistant products to 40% would, by our estimation, result in the market for consolidated impact-resistant products in FL growing to $1.0 billion by FY15. Assuming similar market share, this would result in an additional $110 M to $120 M in revenue (see **Exhibit 9** below) for PGTI.

Exhibit 9 – Forecasted Passive Market Size & PGTI Share in FY15

Current market for impact-resistant products in FL (mil)	$800
Estimated market size in FY15 for impact-resistant products in FL (mil)	$1,000

PGTI's Market Share	20%	25%	30%	35%	40%	45%	50%
75%	$150	$188	$225	$263	$300	$338	$375
70%	$140	$175	$210	$245	$280	$315	$350
65%	$130	$163	$195	$228	$260	$293	$325
60%	$120	$150	$180	$210	**$240**	$270	$300
55%	$110	$138	$165	$193	$220	$248	$275
50%	$100	$125	$150	$175	$200	$225	$250
45%	$90	$113	$135	$158	$180	$203	$225

Passive Product Penetration Rate

Source: Dougherty & Co. estimates

PGTI has a strong and defensible competitive moat due to its vertical integration, breadth of products and output capabilities

PGTI is the #1 provider of impact resistant windows and doors in Florida and we estimate they have a nearly 60% share of the impact market with Florida comprising 85%+ to total sales. The company's competitive advantage is derived from its ability to design, efficiently manufacture and distribute products that meet or exceed Florida's current building codes. Approximately 75% of sales are impact-resistant products that combine heavy-duty aluminum or vinyl frame with tempered, laminated glass designed to withstand high wind speeds and airborne object impacts. We view the company as having several competitive advantages that will allow the company to maintain or grow market share over the next several years, including:

1) **Structural cost advantage due to vertical integration of the business and the ability to produce its own laminated glass**
PGTI's largest competitors in the Florida market include CGI, Custom Window Systems and Simonton (a division of Fortune Brands Home & Security) and PGTI management estimates that none of the competitors generate more than $40 M in impact-resistant product sales in the Florida market. Beyond PGT's significant scale advantage due to 3x to 5x greater annual impact sales, PGT is the only company that is vertically integrated with the ability to cut, temper and laminate/insulate glass. We estimate that this provides PGTI with an inherent 1000 bps to 1500 bps margin advantage. Furthermore, PGTI utilizes its own fleet of trucks for shipping which likely adds several hundred more bps providing the company with further cost advantages.

2) **The broadest distribution network within the Florida market**
The company discloses that it has a distribution network of over 1200 dealers, primarily in the state of Florida. We have noted in our research that many of the dealers exclusively sell PGT products, but very few dealers exclusively sell CGI or Custom Window Systems products. As the first mover in the impact-resistant market post-Hurricane Andrew we believe that PGT's product innovation combined with its unmatched speed and consistency of delivery has generated significant loyalty among dealers. Importantly, no single distribution relationship represents more than 3% of PGTI's revenues which also tilts bargaining power in PGT's favor.

3) **Unmatched lead times and a sterling reputation for on-time product deliveries**
In completing our due diligence on PGTI, the #1 reason cited by dealers for why they trust and work with PGT is the short lead times and consistently on-time deliveries of orders. The company estimates that orders can be completed in as little as 3 days; however, typically orders are delivered in 1 to 3 weeks. Because the company laminates its own glass and maintains its own shipping fleet, PGT can accept and deliver rush orders in the time it might take a competitor just to procure laminated glass from a supplier, such as Cardinal Glass.

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4) **A complete suite of product offerings for impact windows and doors in both aluminum and vinyl products**
Most competitors in the Florida market tend to specialize or focus in particular product sectors. CGI is known for providing customization and design focused on the very expensive end of the market. Custom Window Systems is known for its vinyl product offering. However, PGT's size and longevity in the market have allowed it to amass a full suite of aluminum and vinyl products for both windows and doors.

Significant margin opportunity remains for the company as the company increases capacity in 2H FY14, new hires become more efficient and the company improves efficiency of materials use

PGTI has begun to run into capacity limits in its glass cutting and tempering capabilities due to the company's rapid growth over the past year. In discussions with management, we estimate that current facilities reach capacity limits for cutting and tempering at an annual $200 M to $210 M run rate in sales (~ $50 M/qtr) while the laminated glass capability reaches capacity limits at a run rate near $260 M in sales ($65 M/qtr). As the company moved into Q2 FY13, demand increased to the point where the company at times needed to utilize glass procured from other producers putting downward pressure on gross margins. Assuming 18% to 20% of glass was procured outside PGT, we estimate there was a nearly 200 bps impact to gross margins in Q2.

Furthermore, the company has had to hire 35% of its hourly workforce within the past 9 months. Management has indicated that it takes 6 months to train a new hourly worker to efficiently complete responsibilities, but we believe it may be taking longer because the company is running at such high utilization and training time is likely being diminished. Additionally, management has indicated that it would like overtime pay to stay at the 10% to 12% level, but management has suggested it has crept up to 25% to 30% during peak demand periods thereby reducing margins.

In total, we believe the company is experiencing a 450 bps to 550 bps negative drag on gross margins due to capacity constraints and labor and materials inefficiencies as evidenced in Q2 results. While the company sales increased 35% in Q2, the company saw a 200 bps decline in gross margin YOY to 33.5% due to inefficiencies in materials and labor. Importantly, this would imply that gross margins can eventually expand to the 38% to 39% range once the company achieves better balance on capacity and growth rates slow to more sustainable levels between 10% and 15%.

The company is in the process of addressing capacity constraints as it unveiled a plan to add a new 50,000 square foot glass plant on its existing property during its August 2013 conference call. Management expects the plant to be operational by Q3 2014 and will require a $12 M to $14 M investment from the company. Management has indicated that the addition to its facilities will allow the company's capacity to increase to the $300 M+ sales level before needing to use any outside glass.

Roll-off of amortization expense in Q1 FY14 will reveal the PGT's significant leverage on SG&A expense

When JLL Partners purchased a majority interest in PGT in January 2004, the transaction was accounted for using the purchase accounting method. In association with the transaction, approximately $56 M in amortization expense was to be recognized over a 10 year span with the last of the expense flowing through in Q1 FY14. The amortization expense has been flowing through SG&A at $6.5 M per year and we believe this has masked the true leverage within the PGT operating model as the company does not break the expense out in reporting its income statement. Despite our forecast for a $40 M increase in sales in FY14, we believe that the end of the amortization expense will actually cause SG&A to slightly decline in FY14. Since the recession hit in 2007, PGT has reined in its cost structure and the true SG&A level has ranged between $40 M and $47 M (see **Exhibit 10** below) over the past 5 years (inclusive of FY13). PGTI has spent on SG&A conservatively over the past few years and our SG&A estimates for FY14 and FY15 allow for upside to our estimates if the company continues its conservative spending patterns. To put into context, for FY13, for every $1 new dollar of sales generated the company has spent $0.088 on incremental SG&A. However, we are modeling SG&A spending of $0.143 for every new incremental sales dollar in FY14, nearly double this year's rate.

Exhibit 10 - PGTI Changes in Sales and SG&A (FY06 - FY15E)

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013E	FY 2014E	FY 2015E
Net sales	371,598	278,394	218,556	166,001	175,741	167,275	174,540	223,307	262,886	309,871
% Change in Sales	11.7%	-25.1%	-21.5%	-24.0%	5.9%	-4.8%	4.3%	27.9%	17.7%	17.9%
Change in Net Sales	38,785	(93,204)	(59,838)	(52,555)	9,740	(8,466)	7,265	48,767	39,578	46,986
SG&A (reported)	113,117	75,308	63,109	49,506	52,892	47,988	47,094	51,401	51,172	56,552
SG&A (Ex-Amortization)	107,375	69,738	57,539	43,775	46,864	41,486	40,592	44,900	50,572	56,552
% Change in SG&A (Ex. Amort)	29.7%	-35.1%	-17.5%	-23.9%	7.1%	-11.5%	-2.2%	10.6%	12.6%	11.8%
Sales change - SG&A Change	*-18.1%*	*10.0%*	*-4.0%*	*-0.1%*	*-1.2%*	*6.7%*	*6.5%*	*17.3%*	*5.1%*	*6.0%*
Change in SG&A (Ex-Amort)	24,615	(37,637)	(12,199)	(13,764)	3,089	(5,378)	(894)	4,308	5,672	5,980

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Recent stock distribution from JLL Partners creating a more attractive entry point

JLL Partners formally purchased a majority interest in PGT Industries in January 2004 and has been the majority shareholder since. In May 2013, JLL Partners sold 11.65 M shares through a secondary offering at $7.3625/share leaving the firm with approximately 12.6 M shares. Subsequently, on September 19, 2013, JLL Partners effected a pro-rata distribution of 6.35 M shares of PGTI stock to the partners within its JLL Partners Fund IV L.P., of which 1.35 M shares were distributed to JLL as the general partner of the fund. After these transactions, JLL beneficially owns 7.6 M shares of the stock or about 16% of shares outstanding.

With 5 M shares newly controlled by investors in the JLL Partners Fund IV L.P. that are not subject to any lock-up or blackout period provisions, PGTI stock sank 10% due to fears that investors would simply sell their allocation in the open market. With the lifespan of the JLL fund winding down we anticipate further selling of the stock over the next few quarters, but believe that JLL's choice to retain some of the stock via distribution is a positive signal to investors about the longer term opportunity for investors. Additionally, we view the potential overhang on the stock due to the next potential looming secondary as diminishing.

Valuation Analysis:

PGTI currently trades at multiples in-line with its peer group as indicated in **Exhibit 11** below. However, we believe the company should trade at a slight premium to its peer group due to higher expected topline and bottom line growth expected over the next two years combined with a superior margin profile due to the width of PGT's competitive moat. Additionally, we note that PGTI carries lower debt as percentage of total capital compared to its publicly traded peer group. With EBITDA likely to growth at 30%+ over the next two to three years we believe investors will pay higher multiples for the growth and margin expansion. Furthermore, we believe that investors will continue to pay 13x to 14x EV/EBITDA for FY14 earnings in twelve months as we believe the company will continue to see robust growth for several years. **Exhibit 12** highlights our view on valuation for the stock over the next year. We are initiating on PGTI with a Buy rating and establishing at $13.50 price target based on 13.0x our FY14 EBITDA estimate of $50 M.

Exhibit 11 - PGTI Peer Group Valuation Table

		09/26/13			Trailing 12 Months						Valuation			
Company	**Ticker**	**Price**	**EV**	**Mkt Cap (in MMs)**	**Op Mgn**	**GM%**	**EBITDA**	**Calendar 2013 EPS**	**Calendar 2014 EPS**	**Y/Y %**	**P/E 2014**	**EV / Sales 2013**	**2013 EV/EBITDA**	**2014 EV/EBITDA**
Ply Gem Holdings	PGEM	$ 14.20	$ 1,753	$ 953	6.6%	20.9%	9.9%	$ 0.02	$ 1.08	NM	13.1x	1.2x	12.6x	8.3x
Trex Co.	TREX	$ 47.70	$ 796	$ 811	11.7%	34.5%	19.0%	$ 2.50	$ 2.28	-8.8%	20.9x	2.4x	13.1x	9.8x
Masco Corp	MAS	$ 21.38	$ 10,031	$ 7,631	6.1%	26.0%	8.5%	$ 0.76	$ 1.11	46.1%	19.3x	1.2x	11.3x	9.2x
Mohawk Industries	MHK	$ 129.54	$ 11,769	$ 9,394	6.9%	25.7%	11.7%	$ 6.22	$ 7.77	24.9%	16.7x	1.6x	12.4x	10.2x
AO Smith Corp	AOS	$ 45.04	$ 3,917	$ 4,167	10.4%	33.6%	13.2%	$ 1.93	$ 2.17	12.4%	20.8x	1.8x	12.8x	11.2x
Armstrong Worldwide	AWI	$ 54.84	$ 3,995	$ 3,245	11.5%	24.2%	15.3%	$ 2.20	$ 3.24	47.3%	16.9x	1.5x	10.5x	8.7x
Quanex	NX	$ 18.85	$ 700	$ 695	-0.5%	15.1%	4.5%	$ (0.10)	$ 0.34	NM	55.4x	0.7x	17.1x	10.1x
Fortune Brands H&S	FBHS	$ 40.90	$ 7,050	$ 6,790	6.3%	32.6%	8.9%	$ 1.44	$ 1.89	31.3%	21.6x	1.7x	14.8x	11.7x
Peer Average			$ 5,001	$ 4,211	**7.4%**	**26.6%**	**11.4%**			**25.5%**	**23.1x**	**1.5x**	**13.1x**	**9.9x**
PGT Inc.	**PGTI**	**$9.80**	**$ 510**	**$ 448**	**7.2%**	**34.2%**	**14.2%**	**$ 0.39**	**$ 0.51**	**29.7%**	**19.2x**	**2.3x**	**13.8x**	**10.2x**

Source: Thomson Reuters, Company reports, Dougherty & Co. estimates

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Exhibit 12 - PGTI Valuation Scenarios based on Estimated FY 2014 EBITDA

		FY 2014 Estimated EBITDA (in millions)							
		$40.0	$43.0	$46.0	$49.0	$52.0	$55.0	$58.0	$61.0
EV/ EBITDA Multiple	8.00x	$6.27	$6.79	$7.31	$7.84	$8.36	$8.88	$9.40	$9.92
	8.50x	$6.71	$7.26	$7.81	$8.37	$8.92	$9.48	$10.03	$10.59
	9.00x	$7.14	$7.73	$8.31	$8.90	$9.49	$10.08	$10.66	$11.25
	9.50x	$7.58	$8.20	$8.81	$9.43	$10.05	$10.67	$11.29	$11.91
	10.00x	$8.01	$8.66	$9.31	$9.97	$10.62	$11.27	$11.92	$12.58
	10.50x	$8.45	$9.13	$9.81	$10.50	$11.18	$11.87	$12.55	$13.24
	11.00x	$8.88	$9.60	$10.31	$11.03	$11.75	$12.47	$13.18	$13.90
	11.50x	$9.31	$10.06	$10.81	$11.56	$12.31	$13.06	$13.81	$14.56
	12.00x	$9.75	$10.53	$11.31	$12.10	$12.88	$13.66	$14.45	$15.23
	12.50x	$10.18	$11.00	$11.81	$12.63	$13.45	$14.26	$15.08	$15.89
	13.00x	$10.62	$11.47	$12.31	$13.16	$14.01	$14.86	$15.71	$16.55
	13.50x	$11.05	$11.93	$12.81	$13.70	$14.58	$15.46	$16.34	$17.22
	14.00x	$11.49	$12.40	$13.31	$14.23	$15.14	$16.05	$16.97	$17.88

Source: Dougherty & Co. estimates

Dougherty & Co. Estimates / Target Multiple

Current Price / Implied Multiple based on Consensus

Company management:

- **Rodney Hershberger** - Co-founder of PGT in 1980 and was named President and a director in 2004. In 2005, Mr. Hershberger became CEO. Previously, Mr. Hershberger led the manufacturing, transportation and logistics operations in Florida and also served as COO in 2003-2004.
- **Jeffrey Jackson** - Appointed EVP and CFO in November 2005 when he joined the company and helped lead the company's IPO in 2006. Prior to PGT, Mr. Jackson held various executive management roles, including Division CFO, VP Corporate Controller and SVP of Operations. He currently serves on the Board of Directors of Loar Group.
- **Todd Antonelli** - Became VP of Sales and Marketing when he joined the company in 2012. Mr. Antonelli has 16 years of sales and marking experience in the building construction industry. Prior to joining PGT Industries, Mr. Antonelli held numerous responsibilities at Masco Corporation.
- **David McCutcheon** - Mr. McCutcheon serves as PGT Industries VP of Supply Chain, directing strategic purchasing, materials management, and transportation logistics. Mr. McCutcheon has over 15 years of experience in manufacturing operations and engineering.
- **Monte Burns** - Mr. Burns joined the company in 1981 and currently serves as its VP of manufacturing and operations. During his tenure, Mr. Burns has been responsible for operations in PGT's Salisbury, NC plant, area leader of glass in its FL facility, and business unit manager.

Risk Considerations:

- **Economic Changes in Florida.** PGT generates more than 85% of its business in the state of Florida and changes in employment rates or the availability of credit in the state could negatively impact results.
- **Housing cycling and home prices.** PGT's business relies on a healthy housing industry and sales are a derivative on new home sales and housing repair and remodel projects. Any slowdown in housing or home-project spending could negatively impact sales.
- **Building Code Changes in Florida.** PGT generates more than 85% of its business in the Florida market and any significant changes in the state's building codes or enforcement of those codes could negatively impact the company's sales.
- **Concentrated Stock Ownership.** JLL Partners owns 7.65 million or 17% of outstanding shares of PGTI stock. Significant sales by JLL of stock could adversely affect PGTI's stock price.
- **Competition.** The impact and non-impact window market is intensely competitive and some of PGT's competitors are much larger national window companies that may more aggressively pursue the Florida market

For additional risks associated with PGT, Inc. please refer to the company's latest financial statements and other documents on file with the SEC.

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Exhibit 13 – PGTI Revenue Build

PGT, Inc. (PGTI)
Revenue Build

Fiscal Year Ends Dec 31st	FY 2008	FY 2009	FY 2010	FY 2011			FY 2012					FY 2013			FY 2014
In thousands, except per share data	31-Dec 2008	31-Dec 2009	31-Dec 2010	31-Dec 2011	Mar. Q1	Jun. Q2	Sept. Q3	Dec. Q4	31-Dec 2012	Mar. Q1	Jun. Q2	Sept Q3 E	Dec Q4 E	31-Dec 2013E	31-Dec 2014E
Impact Window and Door Products	$151,756	$108,201	$109,341	$120,900	$27,390	$34,595	$34,243	$33,872	$130,100	$37,963	47,638	46,228	40,646	$172,475	$206,971
Other Window and Door Products	$66,800	$57,800	$66,400	$46,375	$10,710	$11,891	$10,500	$11,339	$44,440	$11,600	15,209	11,550	12,473	$50,832	$55,915
Total Sales	$218,556	$166,001	$175,741	$167,275	$38,100	$46,486	$44,743	$45,211	$174,540	$49,563	62,847	57,778	53,119	$223,307	$262,886
Growth % - Impact Windows and Doors	-20.0%	-28.7%	1.1%	10.6%	-4.4%	5.8%	-2.0%	37.6%	7.6%	38.6%	37.7%	35.0%	20.0%	32.6%	20.0%
Growth % - Other Windows and Doors	-24.7%	-13.5%	14.9%	-30.2%	-10.8%	-4.8%	-2.7%	2.2%	-4.2%	8.3%	27.9%	10.0%	10.0%	14.4%	10.0%
Growth % - Total Sales	-21.5%	-24.0%	5.9%	-4.8%	-6.3%	2.9%	-2.2%	26.6%	4.3%	30.1%	35.2%	29.1%	17.5%	27.9%	17.7%
Growth $ - Impact Windows and Doors	($37,938)	($43,555)	$1,140	$11,559	(1,254)	1,910	(712)	9,256	$9,200	10,573	13,043	11,985	6,774	$42,375	$34,495
Growth $ - Other Windows and Doors	($21,900)	($9,000)	$8,600	($20,025)	($1,290)	(595)	(296)	246	($1,935)	890	3,318	1,050	1,134	$6,392	$5,083
Growth $ - Total Sales	($59,838)	($52,555)	$9,740	($8,466)	(2,544)	1,315	(1,008)	9,502	$7,265	11,463	16,361	13,035	7,908	$48,767	$39,578
% of Sales - Impact Windows and Doors	69.4%	65.2%	62.2%	72.3%	71.9%	74.4%	76.5%	71.0%	74.5%	76.6%	75.8%	80.0%	75.8%	77.2%	78.7%
% of Sales - Other Windows and Doors	30.6%	34.8%	37.8%	27.7%	28.1%	25.6%	23.5%	29.0%	25.5%	23.4%	24.2%	20.0%	24.2%	22.8%	21.3%
% of Sales - Total Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Residential New Construction % of sales	37.0%	27.0%	25.0%	24.0%		26.0%			28.0%		30.4%				
	$80,866	$44,820	$43,935	$40,146		12,104			$48,871		19,100			$0	0.0%
Home Repair & Remodeling % of sales	63.0%	73.0%	75.0%	76.0%		74.0%			72.0%		69.6%				
	$137,690	$121,181	$131,806	$127,129		34,382			$125,669		43,747			$0	0.0%
Change in Impact Window and Door Products															
PremierVue			3,700	3,800	600	(600)	(1,125)	(175)	(1,300)	-	300				
Architectural systems				(5,200)	(1,000)	(900)	(625)	25	(2,500)	-	200				
aluminum WinGuard				(833)	(1,200)	2,000	(50)	8,250	9,000	7,800	8,700				
vinyl WinGuard				600	300	1,300	1,075	1,225	3,900	2,700	3,800				
change accounted for					(1,300)	1,800	(725)	9,325	9,100	10,500	13,000				
% of change accounted for					*103.7%*	*94.2%*	*101.8%*	*100.7%*	98.9%	*99.3%*	*99.7%*				
WinGuard % of net sales	69%	65%	62%		*66%*	*70%*	*70%*	*73%*	70%	*71%*	*72%*				
Total Est. WinGuard sales	$151,800	$108,200	$109,300	$109,093	25,146	32,540	31,320	$32,986	$121,993	35,190	45,250				
aluminum WinGuard		$94,200	$92,500	$91,668		26,500			$100,668		*35,200*				
vinyl WinGuard		$14,000	$16,800	$17,425		5,800			$21,325		*9,600*				
Total PremierVue		800	3,700	7,500		1,700			6,200		2,000				
Total Architectural systems			$9,500	$4,308		600			$1,808		800				
Change in Other Window and Door Products															
non-impact aluminum products				(1,000)	-	(525)	(525)	(250)	(1,300)	200	1,125				
non-impact vinyl products	1,400	6,600	4,800	(6,300)	(1,100)	(325)	(125)	150	(1,400)	600	1,525				
Eze-Breeze products				-	-	300	375	125	800	100	625				
change accounted for				(7,300)	(1,100)	(550)	(275)	25	(1,900)	900	3,275				
% of change accounted for				36.5%	*85.3%*	*92.4%*	*92.9%*	*10.2%*	98.2%	*101.1%*	*98.7%*				

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Exhibit 14 – PGTI Income Statement

PGT, Inc. (PGTI)
Income Statement

Fiscal Year Ends Dec 31st	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012					FY 2013					FY 2014
In thousands, except per share data	31-Dec 2008	31-Dec 2009	31-Dec 2010	31-Dec 2011	Mar. Q1	Jun. Q2	Sept. Q3	Dec. Q4	31-Dec 2012	Mar. Q1	Jun. Q2	Sept. Q3 E	Dec. Q4 E	31-Dec 2013E	31-Dec 2014E
Net sales	$ 218,556	$ 166,001	$ 175,741	$ 167,275	$ 38,100	$ 46,486	$ 44,743	$ 45,211	$ 174,540	$ 49,563	$62,847	$57,778	$53,119	$223,307	$262,886
Cost of sales	150,277	118,622	124,550	120,691	26,164	30,005	29,501	29,203	114,872	32,004	41,817	37,989	33,996	145,806	167,298
Gross Profit	68,279	47,379	51,191	46,584	11,936	16,481	15,242	16,008	59,668	17,559	21,030	19,789	19,123	77,501	95,587
Selling, general and administrative	63,109	49,506	52,892	47,988	11,708	11,906	11,592	11,888	47,094	13,024	12,784	12,711	12,881	51,401	51,172
Gain on sale of assets held for sale	-	-	-	-	-	-	-	-	-	(2,195)	-	-	-	(2,195)	-
Restructuring and Impairment charges	187,748	742	5,561	5,959	-	-	-	-	-	-	-				
Total costs and expenses	$ 401,134	$ 168,870	$ 183,003	$ 174,638	$ 37,872	$ 41,911	$ 41,093	$ 41,091	$ 161,966	$ 42,833	$ 54,601	$ 50,700	$ 46,878	$ 195,012	$ 218,470
Adj EBITDA	$ 22,258	$ 14,039	$ 13,507	$ 12,688	$ 3,365	$ 7,666	$ 6,683	$ 7,092	$ 24,807	$ 7,396	$ 10,988	$ 9,720	$ 8,784	$ 36,887	$ 50,016
Operating Income/loss	$ (182,578)	$ (2,869)	$ (7,262)	$ (7,363)	$ 228	$ 4,575	$ 3,650	$ 4,120	$ 12,574	$ 6,730	$ 8,246	$ 7,078	$ 6,242	$ 26,100	$ 44,416
Interest income (expense)	(9,283)	(6,698)	(5,123)	(4,167)	(858)	(939)	(878)	(762)	(3,437)	(813)	(697)	(925)	(925)	(3,360)	(3,700)
Other income (expense)	40	(38)	20	(36)	(22)	122	10	(182)	(72)	(216)	(131)	(100)	(100)	(547)	(400)
Pretax Income (Continuing Ops)	(191,821)	(9,605)	(12,365)	(11,566)	(652)	3,758	2,782	3,176	9,065	5,701	7,418	6,153	5,317	22,740	40,716
Provision for Income tax (benefit)	(28,789)	(5,584)	77	(2,324)	-	68	60	(18)	110	437	(4,335)	-	-	(3,898)	15,472
Prelim Adj Net Income	(163,032)	(4,021)	(12,442)	(9,242)	(652)	3,690	2,722	3,194	8,955	5,264	11,753	6,153	5,317	26,638	25,244
Non-GAAPTax Adjustments		742	5,561	3,635	-	-	-	-	-	*(2,027)*	*(4,066)*			*(6,093)*	-
Non-GAAP Net Income (loss) from cont ops	$ (163,032)	$ (3,279)	$ (6,881)	$ (5,607)	$ (652)	$ 3,690	$ 2,722	$ 3,194	$ 8,955	$ 3,237	$ 7,687	$ 6,153	$ 5,317	$ 20,545	$ 25,244
Adj Diluted EPS	$ (5.31)	$ (0.09)	$ (0.14)	$ (0.10)	$ (0.01)	$ 0.07	$ 0.05	$ 0.06	$ 0.16	$ 0.06	$ 0.14	$ 0.12	$ 0.11	$ 0.39	$ 0.51
Consensus												*0.13*	*0.10*	*0.42*	*0.49*
Non-GAAP Adjustments (net of tax)		(6,137)	(7,614)	(11,291)	-	-	-	-	-	2,027	$ 2,235			$ 4,262	
Restructuring & Impairment (Net of Tax)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
GAAP Net income (loss)	$ (163,032)	$ (9,416)	$ (14,495)	$ (16,898)	$ (652)	$ 3,690	$ 2,722	$ 3,194	$ 8,955	$ 5,264	$ 9,922	$ 6,153	$ 5,317	$ 24,807	$ 25,244
GAAP Earnings (loss) per diluted share	$ (5.31)	$ (0.27)	$ (0.29)	$ (0.31)	$ (0.01)	$ 0.07	$ 0.05	$ 0.06	$ 0.16	$ 0.09	$ 0.19	$ 0.12	$ 0.11	$ 0.47	$ 0.51
Diluted shares outstanding	30,687	35,261	50,174	53,659	53,664	54,574	56,054	56,764	55,262	56,893	53,142	49,500	49,500	52,259	49,500
As % of Sales (Margin):															
Cost of Sales (% of Sales)	68.76%	71.46%	70.87%	72.15%	68.67%	64.55%	65.93%	64.59%	65.81%	64.57%	66.54%	65.75%	64.00%	65.29%	63.64%
Gross Profit, (% of Sales)	31.24%	28.54%	29.13%	27.85%	31.33%	35.45%	34.07%	35.41%	34.19%	35.43%	33.46%	34.25%	36.00%	34.71%	36.36%
BPS Improvement	(145)	(270)	59	(128)	220	980	899	556	634	410	(199)	18	59	52	165
SG&A Expenses	28.88%	29.82%	30.10%	28.69%	30.73%	25.61%	25.91%	26.29%	26.98%	26.28%	20.34%	22.00%	24.25%	23.02%	19.47%
BPS Improvement	(182)	(95)	(27)	141	3	170	(72)	627	171	445	527	391	204	396	355
SG&A Ex-Amortization	26.33%	26.37%	26.67%	24.80%	26.46%	22.11%	22.28%	22.70%	23.26%	23.00%	17.76%	19.19%	21.19%	20.11%	19.24%
Adj EBITDA Margin	10.18%	8.46%	7.69%	7.59%	8.83%	16.49%	14.94%	15.69%	14.21%	14.92%	17.48%	16.82%	16.54%	16.52%	19.03%
D&A	7.82%	9.74%	8.65%	8.42%	8.23%	6.65%	6.78%	6.57%	7.01%	5.77%	4.36%	4.57%	4.79%	4.83%	2.13%
Operating Income (EBIT)	-83.54%	-1.73%	-4.13%	-4.40%	0.60%	9.84%	8.16%	9.11%	7.20%	13.58%	13.12%	12.25%	11.75%	11.69%	16.90%
BPS Improvement	(8827)	8181	(240)	(27)	473	1495	547	445	1161	1298	328	409	264	448	521
Interest income	-4.25%	-4.03%	-2.92%	-2.49%	-2.25%	-2.02%	-1.96%	-1.69%	-1.97%	-1.64%	-1.11%	-1.60%	-1.74%	-1.50%	-1.41%
Other income	-4.25%	-4.03%	-2.92%	-2.49%	-0.06%	0.26%	0.02%	-0.40%	-1.97%	-0.44%	-1.11%	-1.60%	-1.74%	-1.50%	-1.41%
Pretax Income	-87.77%	-5.79%	-7.04%	-6.91%	-1.71%	8.08%	6.22%	7.02%	5.19%	11.50%	11.80%	10.65%	10.01%	10.18%	15.49%
Effective Tax Rate	15.01%	58.14%	-0.62%	20.09%	0.00%	1.81%	2.16%	-0.57%	1.21%	7.67%	-58.44%	0.00%	0.00%	-17.14%	38.00%
Net Margin	-74.60%	-2.0%	-3.9%	-3.4%	-1.7%	7.9%	6.1%	7.1%	5.1%	6.5%	12.2%	10.6%	10.0%	9.2%	9.6%
Growth Rates (YOY)															
Net Sales	-21.49%	-24.05%	5.87%	-4.82%	-6.26%	2.91%	-2.20%	26.61%	4.34%	30.09%	35.20%	29.13%	17.49%	27.94%	17.72%
Cost of Goods Sold	-19.80%	-21.06%	5.00%	-3.10%	-13.42%	-5.12%	-8.08%	9.16%	-4.82%	22.32%	39.37%	28.77%	16.41%	26.93%	14.74%
Gross Profit	-24.97%	-30.61%	8.05%	-9.00%	14.49%	21.66%	11.61%	78.74%	28.09%	47.11%	27.60%	29.83%	19.46%	29.89%	23.34%
SG&A Expenses (excl. D&A)	-16.20%	-21.55%	6.84%	-9.27%	-6.35%	-3.48%	0.59%	2.24%	-1.86%	11.24%	7.37%	9.65%	8.36%	9.14%	-0.45%
D&A	6.88%	-5.40%	-5.93%	-7.34%	-11.61%	-11.08%	-19.42%	-10.02%	-13.19%	-8.80%	-11.29%	-12.89%	-14.47%	-11.82%	-48.09%
Adj EBITDA	-29.75%	-36.93%	-3.79%	-6.06%	128.60%	63.52%	13.35%	1022.15%	95.52%	119.79%	43.33%	45.44%	23.85%	48.70%	35.59%
Operating Income (EBIT)	-1485.79%	-98.43%	153.12%	1.39%	-110.98%	277.48%	71.20%	-147.74%	-270.77%	2851.75%	80.24%	93.91%	51.49%	107.57%	70.17%
Net Income, Before Extraordinary Charges	-26268.86%	-97.99%	109.85%	-18.51%	-79.35%	2949.59%	177.19%	-189.90%	-259.71%	-596.47%	108.32%	126.04%	66.45%	129.43%	22.87%
EPS - Diluted, B/f Extraord. Charges	-24265.71%	-98.25%	47.48%	-23.81%	-79.35%	2898.46%	166.84%	-184.98%	-255.08%	-563.81%	113.07%	154.68%	89.77%	142.61%	29.72%

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Exhibit 15 – PGTI Balance Sheet

PGT, Inc. (PGTI)
Balance Sheet

Fiscal Year Ends Dec 31st	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012			FY 2013			FY 2014
In thousands, except per share data	31-Dec 2008	31-Dec 2009	31-Dec 2010	31-Dec 2011	29-Dec 2012	Mar. Q1	Jun. Q2	Sept. Q3 E	Dec. Q4 E	31-Dec 2013E	31-Dec 2014E
ASSETS											
Current assets:											
Cash and equivalents	$ 19,628	$ 7,417	$ 22,012	$ 10,940	$ 18,743	$ 14,290	$ 15,575	$ 21,474	$ 28,311	$ 28,311	$ 38,593
Accounts receivable	17,321	14,213	13,687	13,830	13,997	18,871	22,030	21,989	19,153	19,153	19,153
Inventories	9,441	9,874	10,535	11,602	11,529	13,489	14,081	13,483	13,599	13,599	15,714
Deferred income taxes	1,158	622	-	50	-	-	1,547	1,547	1,547	1,547	1,547
Prepaid expenses					916	-	694	694	694	694	694
Assets held for sale					5,259		-	-	-	-	-
Other current assets	5,569	7,860	5,127	3,692	2,886	3,740	2,920	2,920	2,920	2,920	2,920
Total current assets	53,117	39,986	51,361	40,114	53,330	50,390	56,847	62,107	66,223	66,223	78,620
Property plant & equipment	73,505	65,104	52,863	48,606	41,220	40,597	40,967	42,950	45,033	45,033	53,033
Other intangible assets	72,678	67,522	64,291	51,830	45,327	43,701	42,076	40,451	38,826	38,826	38,226
Goodwill	-	-	-	-	-	-	-	-	-	-	-
Other noncurrent assets	1,317	1,018	604	2,285	1,440	1,117	2,285	2,285	2,285	2,285	2,285
Total assets	$ 200,617	$ 173,630	$ 169,119	$ 142,835	$ 141,317	$ 135,805	$ 142,175	$ 147,793	$ 152,367	$ 152,367	$ 172,164
LIABILITIES AND STOCKHOLDERS' EQUITY											
Current liabilities:											
Accounts payable and accrued liabilities	$ 14,582	$ 16,607	$ 16,696	$ 12,706	$ 13,279	$ 15,617	$ 16,099	$ 15,564	$ 14,822	$ 14,822	$ 14,376
Current portion of LT debt and capital lease obl.	330	105	245	50	-	-	2,926	2,926	2,926	2,926	2,926
Deferred income taxes	-	-	185	-	46	46	46	46	46	46	46
Total current liabilities	$ 14,912	$ 16,712	$ 17,126	$ 12,756	$ 13,325	$ 15,663	$ 19,071	$ 18,536	$ 17,794	$ 17,794	$ 17,348
Non-current liabilities:											
LT debt and capital lease obligations	90,036	68,163	49,918	45,500	37,500	30,000	75,104	75,104	75,104	75,104	70,104
Deferred income taxes	18,473	17,937	17,130	15,041	14,858	14,858	12,267	12,267	12,267	12,267	12,267
Other noncurrent liabilities	3,011	2,609	1,903	2,176	1,424	1,291	1,028	1,028	1,028	1,028	1,028
Total non-current liabilities	$ 111,520	$ 88,709	$ 68,951	$ 62,717	$ 53,782	$ 46,149	$ 88,399	$ 88,399	$ 88,399	$ 88,399	$ 83,399
Stockholders' equity:											
Preferred stock - $0.01 par val, 74,000 shs	-	-	-	-	-	-	-	-	-	-	-
Common stock - $0.01 par val, 74,000 shs	352	353	537	537	537	540	477	477	477	477	477
Additional paid-in capital	241,177	241,682	271,038	272,811	274,275	275,040	226,117	226,117	226,117	226,117	226,117
Accumulated other comprehensive income (loss)	(3,966)	(1,031)	(1,243)	(1,798)	(1,414)	(1,572)	(1,797)	(1,797)	(1,797)	(1,797)	(1,797)
Retained earnings	(163,378)	(172,795)	(187,290)	(204,188)	(195,233)	(189,969)	(180,046)	(173,893)	(168,577)	(168,577)	(143,333)
Treasury stock		-			(3,955)	(10,046)	(10,046)	(10,046)	(10,046)	(10,046)	(10,046)
Total stockholders' equity	$ 74,185	$ 68,209	$ 83,042	$ 67,362	$ 74,210	$ 73,993	$ 34,705	$ 40,858	$ 46,174	$ 46,174	$ 71,418
Preferred Stock	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	-	$ -
Total liabilities and stockholders' equity	$ 200,617	$ 173,630	$ 169,119	$ 142,835	$ 141,317	$ 135,805	$ 142,175	$ 147,793	$ 152,367	$ 152,367	$ 172,165

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Exhibit 16 – PGTI Statement of Cash Flows

PGT, Inc. (PGTI)

Statement of Cash Flows

Fiscal Year Ends Dec 31st	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012			FY 2013			FY 2014
In thousands, except per share data	31-Dec 2008	31-Dec 2009	31-Dec 2010	31-Dec 2011	31-Dec 2012	Mar. Q1	Jun. Q2	Sept. Q3 E	Dec. Q4 E	31-Dec 2013	31-Dec 2014
Cash flows from operating activities:											
Net income (loss)	$ (163,032)	$ (9,416)	$ (14,495)	$ (16,898)	$ 8,954	$ 5,264	$ 9,922	$ 6,153	$ 5,317	$ 26,655	$ 25,244
Depreciation	11,518	10,435	9,180	7,590	5,731	1,235	1,117	1,017	917	4,286	5,000
Amortization	5,570	5,731	6,028	6,502	6,502	1,626	1,625	1,625	1,625	6,501	600
Provision for doubtful accounts	-	1,722	1,678	880	37	(103)	1			(102)	-
Amortization and write off financing costs	724	561	773	1,233	857	389	800			1,189	-
Stock based comp.	798	518	2,286	1,773	1,363	316	240			556	-
Impairments	187,748	742	5,561	5,959	-	-	218			218	-
Other non-cash items	(40)	-	-	37	136	252	(252)			-	-
(Gain)/loss on sale of assets	22	98	(5)	(996)	(266)	(2,178)	(2)			(2,180)	-
Tax benefit from exercise of stock options	-	-	-	-	-	-	-			-	-
Deferred income taxes	(27,929)	(1,813)	-	(2,324)	(82)	-	(3,898)			(3,898)	-
Changes in operating assets and liabilities:	-										
(Incr) decr in accounts receivable	5,428	3,011	(2,754)	(1,560)	(667)	(4,955)	(3,430)	41	2,836	(5,508)	-
(Incr) decr in inventories	(218)	(351)	(661)	(1,068)	73	(1,960)	(592)	598	(116)	(2,070)	(2,115)
(Incr) decr in prepaid and other expenses	(309)	(2,973)	4,562	367	87	(23)	(240)			(263)	-
(Decr) incr in accounts payable & accrued expenses	(408)	1,240	188	(3,167)	462	1,991	42	(535)	(742)	756	(446)
Net cash provided by (used in) op activities	19,872	9,504	12,341	(1,672)	23,187	1,854	5,551	8,899	9,837	26,141	28,282
Cash flows from investing activities:											
Purchases of property, plant and equipment	(4,485)	(2,330)	(3,197)	(3,496)	(3,792)	(637)	(1,486)	(3,000)	(3,000)	(8,123)	(13,000)
Proceeds from sales of assets	58	79	46	1,672	454	7,470	2	-	-	7,472	-
Other Investing Activities	(4,098)	4,098	(250)	250	-	-	-			-	-
Purchase of Intangibles	-	-	(2,597)	-	-	-	-			-	-
Acquisition of Business	-	(1,452)	-	(200)	-	-	-			-	-
Net cash provided by (used in) investing activity	(8,525)	395	(5,998)	(1,774)	(3,338)	6,833	(1,484)	(3,000)	(3,000)	(651)	(13,000)
Cash flows from financing activities:											
Payments on LT debt	(40,000)	(22,098)	(18,105)	(52,613)	(8,050)	(7,500)	(30,000)	-	-	(37,500)	(5,000)
Proceeds from LT debt	-	-	-	48,000	-	-	80,000	-	-	80,000	-
Debt Financing/Issuance Costs	(689)	-	(897)	(3,013)	(143)	-	(3,557)	-	-	(3,557)	-
Issuance of Common Stock	29,281	-	27,257	-	92	-	-	-	-	-	-
Purchase of treasury stock	-	(12)	(3)	-	(3,946)	(6,091)	(50,000)	-	-	(56,091)	
Exercise of Stock Options	210	-	-	-	-	451	775			1,226	
Excess tax benefits from stock-based comp. plan	-						-			-	
Dividends Paid	-	-	-	-	-	-	-			-	
Net cash used in financing activities	(11,198)	(22,110)	8,252	(7,626)	(12,047)	(13,140)	(2,782)	-	-	(15,922)	(5,000)
Net incr (decr) in cash and equivalents	$ 149	$ (12,211)	$ 14,595	$ (11,072)	$ 7,802	$ (4,453)	$ 1,285	$ 5,899	$ 6,837	$ 9,568	$ 10,282
Cash and cash equivalents at Beg of Yr	$ 19,479	$ 19,628	$ 7,417	$ 22,012	$ 10,940	$ 18,743	$ 14,290	$ 15,575	$ 21,474	$ 18,743	$ 28,311
Cash and cash equivalents at end of year	$ 19,628	$ 7,417	$ 22,012	$ 10,940	$ 18,743	$ 14,290	$ 15,575	$ 21,474	$ 28,311	$ 28,311	$ 38,593

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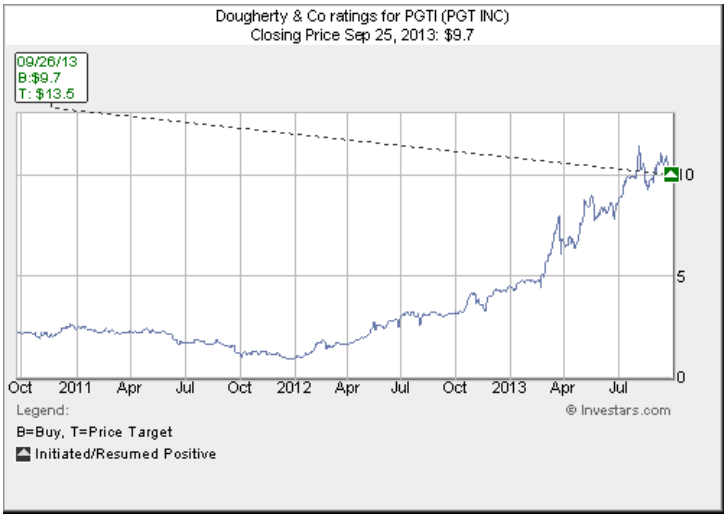

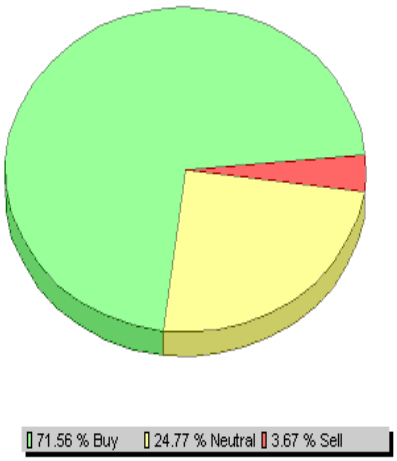

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