# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**WASHINGTON, D.C. 20549**

# FORM 10-K/A

**Amendment No. 1**

[x] **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the Fiscal Year Ended December 31, 2017**

[ ] **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ________ to ________.**

**Commission File Number: 001-37921**

# FORTERRA, INC.

(Exact name of registrant as specified in its charter)

| **Delaware** | **37-1830464** |
|---|---|
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification Number) |

**511 East John Carpenter Freeway, 6th Floor, Irving, TX 75062**
(Address of principal executive offices, including zip code)
**(469) 458-7973**
(Registrant's telephone number, including area code)

Securities Registered Pursuant to Section 12(b) Act:

| Title of Each Class | Name of Exchange on Which Registered |
|---|---|
| Common Stock, $0.001 par value per share | Nasdaq Global Select Market |

Securities Registered Pursuant to Section 12(g) Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes [ ] No [x]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes [ ] No [x]

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [x] No [ ]

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes [x] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

| | | | | |
|---|---|---|---|---|
| [ ] Large accelerated filer | [X] Accelerated filer | Non-accelerated filer [ ] | [ ] Smaller reporting company | [ ] Emerging growth company |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [ ] No [x]

As of December 18, 2018, 64,205,604 shares of the registrant's common stock, $0.001 par value per share, were issued and outstanding. The aggregate market value of the registrant's common stock, $0.001 par value, held by non-affiliates of the registrant was approximately $155,223,470, based upon the closing market price of $8.23 per share of common stock on the Nasdaq Global Select Market as of June 30, 2017.

**DOCUMENTS INCORPORATED BY REFERENCE**

None.

TABLE OF CONTENTS

**Explanatory Note**

On March 7, 2018, Forterra, Inc. ("we", "us" or the "Company") filed its Annual Report on Form 10-K for the fiscal year ended December 31, 2017 (the "Original 10-K"). Subsequent to the issuance of the Original 10-K, the Public Company Accounting Oversight Board ("PCAOB") conducted an inspection of Ernst & Young LLP's ("EY") audit of the Company's consolidated financial statements for the year ended December 31, 2017. In connection with this inspection, EY performed additional testing pertaining to certain controls related to our information technology ("IT") systems and subsequently requested a reevaluation by management of those controls. As a result of this reevaluation, management identified an additional material weakness related to the aggregation of control deficiencies over the Company's IT systems as of December 31, 2017. A "material weakness" is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements would not be prevented or detected on a timely basis. Specifically, the Company did not maintain effective controls over user access to IT systems and changes to IT programs and data and, as a result, the effective functioning of certain process-level automated and IT-dependent controls could have been affected.

We are filing this Amendment No. 1 to Annual Report on Form 10-K/A (this "Amendment") solely for the purpose of (i) amending and restating the Risk Factors disclosure included in Item 1A to reflect the additional material weakness and a recent cyberattack disclosed in an updated risk factor included in our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2018, and (ii) to amend and restate the Controls and Procedures disclosure included in Item 9A of the Original 10-K to reflect the additional material weakness. Other than these changes, there are no changes to the Original 10-K, and this Amendment does not change the other disclosures contained in the Original 10-K. In addition, except as specifically described above, this Amendment does not reflect events occurring after the filing of the Original 10-K, nor does it modify or update disclosures therein in any way other than as required to reflect the revisions described above. Among other things, forward-looking statements made in the Original 10-K have not been revised to reflect events that occurred or facts that became known to us after the filing of the Original 10-K, and any such forward looking statements should be read in their historical context.

**CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS**

*Certain statements and information in this Amendment may constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements relate to matters such as our industry, business strategy, goals and expectations concerning our market position, future operations, margins, profitability, capital expenditures, liquidity, capital resources and other financial and operating information. We have used the words "approximately," "anticipate," "assume," "believe," "contemplate," "continue," "could," "estimate," "expect," "future," "intend," "may," "plan," "potential," "predict," "project," "seek," "should," "target," "will" and similar terms and phrases to identify forward-looking statements. All of our forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those that we are expecting, including:*

- the level of construction activity, particularly in the residential construction and non-residential construction markets;
- government funding of infrastructure and related construction activities;
- the highly competitive nature of our industry and our ability to effectively compete;
- energy costs;
- the availability and price of the raw materials we use in our business;
- the ability to implement our growth strategy;
- our dependence on key customers and the absence of long-term agreements with these customers;

- the level of construction activity in Texas;
- disruption at one of our manufacturing facilities or in our supply chain;
- construction project delays and our inventory management;
- our ability to successfully integrate acquisitions;
- labor disruptions and other union activity;
- a tightening of mortgage lending or mortgage financing requirements;
- our current dispute with HeidelbergCement related to the payment of an earnout;
- compliance with environmental laws and regulations;
- impacts and uncertainties regarding the Tax Cuts and Jobs Act of 2017;
- compliance with health and safety laws and regulations and other laws and regulations to which we are subject;
- our dependence on key executives and key management personnel;
- our ability to retain and attract additional skilled and non-skilled technical or sales personnel;
- credit and non-payment risks of our customers;
- warranty and related claims;
- legal and regulatory claims;
- the seasonality of our business and its susceptibility to adverse weather;
- our ability to maintain sufficient liquidity and ensure adequate financing or guarantees for large projects;
- delays or outages in our information technology systems and computer networks;
- security breaches in our information technology systems and other cybersecurity incidents; and
- additional factors discussed in our filings with the Securities and Exchange Commission, or the SEC.

*The forward-looking statements contained in this Amendment are based on historical performance and management's current plans, estimates and expectations in light of information currently available to us and are subject to uncertainty and changes in circumstances. There can be no assurance that future developments affecting us will be those that we have anticipated. Actual results may differ materially from these expectations due to changes in global, regional or local political, economic, business, competitive, market, regulatory and other factors, many of which are beyond our control, as well as the other factors described in Item 1A, "Risk Factors". Additional factors or events that could cause our actual results to differ may also emerge from time to time, and it is not possible for us to predict all of them. Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove to be incorrect, our actual results may vary in material respects from what we may have expressed or implied by these forward-looking statements. We caution that you should not place undue reliance on any of our forward-looking statements. Any forward-looking statement made by us speaks only as of the date on which we make it. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by applicable securities laws.*

## PART I

### Item 1A. RISK FACTORS

*Our business, operations and financial condition are subject to various risks and uncertainties. We have described below significant factors that may adversely affect our business, operations, financial performance and condition or industry. You should carefully consider these factors, together with all of the other information in this Amendment, the Original 10-K and in other documents that we file with the SEC, before making any investment decision about our securities. Adverse developments or changes related to any of the factors listed below could materially and adversely affect our business, financial condition, results of operations, future prospects and growth.*

#### Risks Relating to Our Business and Industry

***Residential and non-residential construction activity is cyclical and influenced by many factors, and any reduction in the activity in one or both of these markets could have a material adverse effect on us.***

Our results of operations can vary materially in response to market conditions and changes in the demand for our products. Historically, demand for our products has been closely tied to residential construction, non-residential construction, and infrastructure activity in the United States and Eastern Canada. Our success and future growth prospects depend, to a significant extent, on conditions in these two end markets and the degree to which these markets are strong in the future.

The construction industry and related markets are cyclical and have in the past been, and may in the future be, materially and adversely affected by general economic and global financial market conditions. These factors impact not only our business, but those of our customers and suppliers as well. This influence is true with respect to macroeconomic factors within North America, particularly within our geographic footprint in the United States and Eastern Canada. For example, in 2008, residential construction and non-residential construction activity in the United States dipped to historically low levels during the financial crisis. As a result, demand for many of our products in the United States dropped significantly. The residential and non-residential construction markets in Canada also suffered during this time.

The markets in the construction industry in which we operate are also subject to other more specific factors. Residential construction activity levels are influenced by and sensitive to a number of factors, including mortgage availability, the cost of financing a home (in particular, mortgage terms and interest rates), unemployment levels, household formation rates, gross domestic product, residential vacancy and foreclosure rates, demand for second homes, existing housing prices, rental prices, housing inventory levels, building mix between single- and multi-family homes, consumer confidence, seasonal weather factors, the available labor pool and government regulation, policy and incentives. Non-residential construction activity is primarily driven by levels of business investment, availability of credit and interest rates, as well as many of the factors that impact residential construction activity levels.

We cannot control the foregoing factors and, although construction activity and related spending levels have increased in recent years, there is still uncertainty regarding whether the recovery will be sustained, and there can be no assurances that there will not be any future downturns. There can be no assurances regarding whether more recent growth in our markets can be sustained or if demand will ever return to pre-2008 levels or historical averages. If construction activity in our markets, and more generally, does not continue to recover, or if there are future downturns, whether locally, regionally or nationally, our business, financial condition and results of operations could be materially and adversely affected.

***Our business is based in significant part on government-funded infrastructure projects and building activities, and any reductions or re-allocation of spending or related subsidies in these areas could have a material adverse effect on us.***

Our business depends heavily on government spending for infrastructure and other similar building activities. As a result, demand for many of our products is heavily influenced by U.S. federal government fiscal policies and tax incentives and other subsidies, including those incorporated into the economic stimulus plans implemented in connection with the financial crisis and the FAST Act. Projects in which we participate are funded directly by governments and privately-funded, but are otherwise tied to or impacted by government policies and spending measures. Government infrastructure spending and governmental policies with respect thereto depend primarily on the availability of public funds, which is influenced by many factors, including governmental budgets, public debt levels, interest rates, existing and anticipated and actual federal, state, provincial and local tax revenues, government leadership and the general political climate, as well as other general macroeconomic and political factors. In addition, U.S. federal government funds may only be available based on states' willingness to provide matching funding. Government spending is often approved only on a short-term basis and some of the projects in which our products are used require longer-term funding commitments. If government funding is not approved, or funding is lowered as a result of poor economic conditions, lower than expected revenues, competing spending priorities or other factors, it could limit infrastructure projects available, increase competition for projects, result in excess inventory and decrease sales, any of which could adversely affect the profitability of our business.

Additionally, certain regions or states may require or possess the means to finance only a limited number of large infrastructure projects and periods of high demand may be followed by years of little to no activity. There can be no assurances that governments will sustain or increase current infrastructure spending and tax incentive and other subsidy levels, and any reductions thereto or delays therein could have a material adverse effect on our business, financial condition and results of operations.

***We engage in a highly competitive business and any failure to effectively compete could have a material adverse effect on us.***

The markets in which we sell our products are highly competitive. We face significant competition from, depending on the segment or product, domestic and imported products produced by local, regional, national and international building product manufacturers, as well as privately owned single-site enterprises. Due in part to the costs associated with transporting our products to our customers, many of our sub-markets are relatively fragmented and include a number of regional competitors. Our primary competitors include Rinker Materials (a division of QUIKCRETE) and Oldcastle, Inc. (a division of CRH plc) in our Drainage Pipe & Products segment and McWane, Inc. and American Cast Iron Pipe Company in our Water Pipe & Products segment, particularly with respect to DIP.

Competition among manufacturers in our markets is based on many factors, but we primarily compete on price. Our competitors may sell their products at lower prices because, among other things, they possess the ability to manufacture or supply similar products and services more efficiently or at a lower cost or have built a superior sales or distribution network. Some of our competitors may have access to greater financial or other resources than we do, which may afford them greater purchasing power, greater production efficiency, increased financial flexibility or more capital resources for expansion and improvement. In addition, some of our competitors are vertically integrated with suppliers or distributors and can leverage this structure to their advantage to offer better pricing to customers. Furthermore, our competitors' actions, including restoring idled or expanding manufacturing capacity, competition from newly-designed or imported products or the entry of new competitors into one or more of our markets could cause us to lower prices in an effort to maintain our customer base. Certain of our products, including gravity pipe, are volume manufacturing products that are widely available from other manufacturers or distributors, with prices and volumes determined frequently based on participants' perceptions of short-term supply and demand. Competitive factors, including industry overcapacity, could also lead to pricing pressures. For example, competitors may choose to pursue a volume policy to continue utilizing their manufacturing facilities to the detriment of maintaining prices. Excess product supply can result in significant declines in the market prices for these products, often within a short period of time. As a result, at times, to remain competitive, we may lower the price for any one or more of our products to or below our production costs, requiring us to sacrifice margins or incur losses. Alternatively, we may choose to forgo product sales or cease production at one or more of our manufacturing facilities.

In addition to pricing, we also compete based on service, quality, range of products and product availability. Our competitors may be positioned to provide better service and thereby establish stronger relationships with customers and suppliers. Our competitors may also sell preferred products, improve the design and performance of their products, develop a more comprehensive product portfolio, be better positioned to influence end-user product specifications or introduce new products with competitive prices and performance characteristics. While the majority of our products are not subject to frequent or rapid stylistic changes, trends do evolve over time, and our competitors may do a better job of predicting market developments or adapt more quickly to new technologies or evolving customer requirements.

We also face competition from substitute building products. For example, storm water pipe can be manufactured from concrete, steel, high-density polyethylene (HDPE), polypropylene (PP) or polyvinyl chloride (PVC) and potable water transmission infrastructure can be manufactured using HDPE or PVC. The market share of HDPE and PP pipe, which compete with gravity pipe and concrete pressure pipe for certain applications, and HDPE and PVC pipe, which compete with DIP for certain applications, have increased in recent years. Governments in the past have, and may continue in the future, to provide incentives that support or encourage, or in certain instances pass regulations that require, the consideration of use of substitute products with which we compete. Some of the substitute products with which we compete may also offer longer warranties than our typical product warranty, and we may face competitive pressures to offer longer warranties on our products, which could increase our risk in future years. Additionally, new construction techniques and materials will likely be developed in the future. Increases in customer or market preferences for any of these products could lead to a reduction in demand for our products, limit our ability to raise prices or otherwise adversely impact our competitive position.

Any failure by us to compete on price or service, to develop successful products and strategies or to generally maintain and improve our competitive position could have a material adverse effect on our business, financial condition and results of operations.

***Decreased availability of or increases in the cost of raw materials could have a material adverse effect on us.***

Our ability to offer our products to our customers is dependent upon our ability to obtain adequate supplies of raw materials at reasonable costs, such as cement, aggregate, steel and scrap iron. Raw material prices and availability, including the forms in which they are purchased, such as steel and scrap metal, have been volatile in recent years. Many suppliers may decrease capacity during financial downturns. This decreased capacity, along with strong global demand for certain raw materials, has at times caused and may continue to cause tighter supply and significant price increases. Factors such as adverse weather conditions and other natural disasters, as well as political and other social instability, have and will continue to disrupt raw material supplies and impact prices. Changes in U.S. trade policy, including the imposition of any tariffs by the U.S. or foreign governments, may negatively impact the availability and price of raw materials used in our production. Suppliers are also subject to their own viability concerns from economic, market and other pressures.

Although we have agreements with our raw material suppliers, these agreements are generally terminable by either party on limited notice or contain prices that are based upon the volume of our total purchases. For example, we have an existing supply agreement with HeidelbergCement to purchase cement for certain of our facilities as discussed in greater detail in Item 1, “Business.” Though the term of the supply agreement extends to March 2020, HeidelbergCement may, for any reason and upon 180 days’ notice, reduce the amount of cement it supplies thereunder or terminate the supply agreement altogether.

To the extent agreements with any of our raw material suppliers are terminated or we need to purchase additional raw materials in the open market, there can be no assurance that we could timely find alternative sources in reasonable quantities or at reasonable prices. In addition, sudden or unanticipated changes in sources for certain raw materials, such as cement, may require us to engage in testing of our products for quality assurance, which may cause delays in our ability to meet production schedule for our customers and timely deliver our products. The inability to obtain any raw materials or unanticipated changes with respect to our suppliers could negatively impact our ability to manufacture or deliver our products and to meet customer demands.

We are susceptible to raw material price fluctuations. Prices of the raw materials we use have at times fluctuated in recent years and may be susceptible to significant price fluctuations in the future. We have hedged our positions with respect to certain raw materials in the past and may do so in the future, but we currently have no hedging in place and are therefore more susceptible to any short-term price fluctuations. We generally attempt to pass increased costs, including higher raw material prices, on to our customers, but the timing between acceptance of a customer order and the purchase of raw materials needed to fulfill such order, pricing pressure from our competitors, the market power of our customers or other pricing factors may limit our ability to pass on such price increases. If we cannot fully-offset increases in the cost of raw materials through other cost reductions, or recover these costs through price increases or otherwise, we could experience lower margins and profitability, which could have a material adverse effect on our business, financial condition and results of operations.

***Any inability to successfully implement our growth strategy could have a material adverse effect on us.***

Our business plan provides for continued growth through acquisitions and joint ventures. We have grown in large part as a result of our recent acquisitions, and we anticipate continuing to grow in this manner. Although we expect to regularly consider additional strategic transactions in the future, there can be no assurances that we will identify suitable acquisition, joint venture or other investment opportunities or, if we do, that any transaction can be consummated on acceptable terms. Antitrust or other competition laws may also limit our ability to acquire, or work collaboratively with, certain businesses or to fully realize the benefits of a prospective acquisition or joint venture. Furthermore, changes in our business or the economy, an unexpected decrease in our cash flows or any restrictions imposed by our debt may limit our ability to obtain the necessary capital or otherwise impede our ability to complete a transaction. Regularly considering strategic transactions can also divert management’s attention and lead to significant due diligence and other expenses regardless of whether we pursue or consummate any transaction. Failure to identify suitable transaction partners and to consummate transactions on acceptable terms, as well as the commitment of time and resources in connection with such transactions, could have a material adverse effect on our business, financial condition and results of operations.

The consummation of an acquisition also exposes us to significant risks and additional costs. We may not accurately assess the value, strengths, weaknesses or potential profitability of an acquisition target. Furthermore, we may not be able to fully or successfully integrate an acquired business or realize the expected benefits and synergies following an acquisition. Business and operational overlaps may lead to hidden costs. These costs can include unforeseen pre-acquisition liabilities or the impairment of customer relationships or certain acquired assets such as inventory and goodwill. We may also incur costs and inefficiencies to the extent an acquisition expands the industries, markets or geographies in which we operate due to our limited exposure to and experience in a given industry, market or region. Significant acquisitions may also require that we incur additional debt to finance the transaction, which could be substantial and limit our flexibility in using our cash flow from operations for other purposes. Acquisitions can also involve post-transaction disputes with the counterparty regarding a number of matters, including a purchase price or other working capital adjustment or liabilities for which we believe we were indemnified under the relevant transaction agreements, such as environmental liabilities or pension obligations retained by the seller, including certain environmental obligations in connection with our U.S. Pipe Acquisition and certain pension obligations we assumed pursuant to the Acquisition and our acquisition of Cretex. For example, as discussed in greater detail in Item 3, “Legal Proceedings,” we are currently engaged in a dispute with HeidelbergCement regarding the earnout provision in the purchase agreement entered into in connection with the Acquisition. We are also engaged in other indemnification and other post-closing disputes with certain of our transaction counterparties. Our inability to realize the anticipated benefits of an acquisition as well as other transaction-related issues could have a material adverse effect on our business, financial condition and results of operations.

In July 2012, we entered into a joint venture agreement with Americast, Inc. to form Concrete Pipe & Precast LLC. From time to time, we may enter into additional joint ventures as part of our growth strategy. The nature of a joint venture requires us to share control with unaffiliated third parties. If our joint venture partners do not fulfill their contractual and other obligations, the affected joint venture may be unable to operate according to its business plan, and we may be required to increase our level of commitment. Differences in views among joint venture participants could also result in delays in business decisions or otherwise, failures to agree on major issues, operational inefficiencies and impasses, litigation or other issues. Third parties may also seek to hold us liable for the joint ventures’ liabilities. These issues or any other difficulties that cause a joint venture to deviate from its original business plan could have a material adverse effect on our business, financial condition and results of operations.

***Our dependence on key customers with whom we do not have long-term contracts and consolidation within our customers' industries could have a material adverse effect on us.***

Our business is dependent on certain key customers. In 2017, Core & Main, our largest customer, accounted for 13% of our net sales. As is customary in our industry, we do not enter into long-term contracts with many of our customers. As a result, our customers could stop purchasing our products, reduce their purchase levels or request reduced pricing structures at any time. We may therefore need to adapt our manufacturing, pricing and marketing strategies in response to a customer who may seek concessions in return for its continued or increased business. In addition, following the financial crisis, there was significant consolidation in the U.S. homebuilding industry, with many smaller builders going out of business or being acquired by larger builders, significantly increasing the market share and bargaining power of a limited number of builders. Any further consolidation in the U.S. homebuilding industry or among any of our other customers could give them significant additional leverage to negotiate more favorable terms and place greater demands on us. A loss of one or more customers or a meaningful reduction in their purchases from us or further consolidation within our end markets could have a material adverse effect on our business, financial condition and results of operations.

***Changes in construction activity levels in Texas could have a material adverse effect on us.***

We currently conduct a significant portion of our business in Texas, which we estimate represented more than 19% of our 2017 net sales. Residential and non-residential construction activity, as well as government-funded infrastructure spending in each of these areas has declined from time to time, particularly as a result of slow economic growth, whether in the energy industry or otherwise. Local economic conditions depend on a variety of factors, including national economic conditions, local and state budgets, infrastructure spending and the impact of federal cutbacks. In addition, Texas is susceptible to severe weather and flooding, which can interrupt, delay or otherwise impact the timing of projects. Any decrease in construction activity in Texas could have a material adverse effect on our business, financial condition and results of operations.

***Increases in energy and related costs could have a material adverse effect on us.***

We use significant amounts of energy, including electricity and natural gas, in the manufacturing, distribution and sale of our products, and the related expense is significant. While we have benefited from the relatively low cost of electricity and natural gas in recent years, energy prices have been and may continue to be volatile and these reduced prices may not continue. Proposed or existing government policies, including those to address climate change by reducing greenhouse gas emissions or the effects of hydraulic fracturing, a method of exploring for oil and natural gas, could result in increased energy costs. In addition, factors such as international political and military instability, adverse weather conditions and other natural disasters may disrupt fuel supplies and increase prices in the future. Additionally, because we and other manufacturers in our industry are often responsible for delivering products to the customer, we are further exposed to increased energy prices as a component of our transportation costs. While we generally attempt to pass increased costs, including higher energy costs, on to our customers, pricing pressure from our competitors, the market power of our customers or other pricing factors may limit our ability to do so, and any increases in energy prices could have a material adverse effect on our business, financial condition and results of operations.

***A material disruption at one or more of our manufacturing facilities or in our supply chain could have a material adverse effect on us.***

We own and operate manufacturing facilities of various ages and levels of automated control and rely on a number of third parties as part of our supply chain, including for the efficient distribution of products to our customers. Any disruption at one of our manufacturing facilities or within our supply chain could prevent us from meeting demand or require us to incur unplanned capital expenditures. Older facilities are generally less energy efficient and are at an increased risk of breakdown or equipment failure, resulting in unplanned downtime. Any unplanned downtime at our facilities may cause delays in meeting customer timelines, result in liquidated damages claims or cause us to lose or harm customer relationships. Additionally, we require specialized equipment to manufacture certain of our products, and if any of our manufacturing equipment fails, the time required to repair or replace this equipment could be lengthy, which could result in extended downtime at the affected facility. Any unplanned repair or replacement work can also be very expensive. Moreover, manufacturing facilities can unexpectedly stop operating because of events unrelated to us or beyond our control, including fires and other industrial accidents, floods and other severe weather events, natural disasters, environmental incidents or other catastrophes, utility and transportation infrastructure disruptions, shortages of raw materials, and acts of war or terrorism. Work stoppages, whether union-organized or not, can also disrupt operations at manufacturing facilities. Furthermore, while we are generally responsible for delivering products to the customer and we deliver a small percentage of our products directly to the customer using our own fleet, we outsource this function to third parties for purposes of delivering the vast majority of our products. Any shortages in trucking capacity or the lack of available drivers to deliver our products, any increase in the cost thereof or any other disruption to the highway systems could limit our ability to deliver our products in a timely manner or at all. Any material disruption at one or more of our facilities or those of our customers or suppliers or otherwise within our supply chain, whether as a result of downtime, facility damage, an inability to deliver our products or otherwise, could prevent us from meeting demand, require us to incur unplanned capital expenditures or cause other material disruption to our operations, any of which could have a material adverse effect on our business, financial condition and results of operations.

***Delays in construction projects and any failure to manage our inventory could have a material adverse effect on us.***

Many of our products are used in water transmission and distribution projects and other large-scale construction projects which generally require a significant amount of planning and preparation before construction commences. However, construction projects can be delayed and rescheduled for a number of reasons, including unanticipated soil conditions, adverse weather or flooding, changes in project priorities, financing issues, difficulties in complying with environmental and other government regulations or obtaining permits and additional time required to acquire rights-of-way or property rights. These delays or reschedulings may occur with too little notice to allow us to replace those projects in our manufacturing schedules or to adjust production capacity accordingly, creating unplanned downtime, increased costs and inefficiencies in our operations and increased levels of obsolete inventory. Additionally, we maintain an inventory of certain products that meet standard specifications and are ultimately purchased by a variety of end users. We forecast demand for these products to ensure that we keep high inventory levels of certain products that we expect to be in high demand and limit our inventory for which we do not expect much demand. However, our forecasts are not always accurate and unexpected changes in demand for these products, whether because of a change in preferences or otherwise, can lead to increased levels of obsolete inventory. Any delays in construction projects and our customers' orders or any inability to manage our inventory could have a material adverse effect on our business, financial condition and results of operations.

***Any inability to successfully integrate acquisitions could have a material adverse effect on us.***

In the past several years we have made a number of acquisitions, including U.S. Pipe, which itself completed three acquisitions shortly before being acquired by us. The integration of acquired businesses can take a significant amount of time and also exposes us to significant risks and additional costs. Integrating these and other acquisitions may strain our resources. Further, we may have difficulty integrating the operations, systems, controls, procedures or products of acquired businesses and may not be able to do so in a timely, efficient and cost-effective manner. These difficulties could include:

- diversion of the attention of our management and that of the acquired business;
- combining management teams, strategies and philosophies;
- merging or linking different accounting and financial reporting systems and systems of internal controls;
- assimilation of personnel, human resources and other administrative departments and potentially contrasting corporate cultures;
- merging computer, technology and other information networks and systems;
- disruption of our relationship with, or loss of, key customers, suppliers or personnel;
- interference with, or loss of momentum in, our ongoing business or that of the acquired companies; and
- delays or cost overruns in the integration process.

We have not fully integrated all of our acquisitions and may encounter one or more of the issues discussed above, or others of which we are not yet aware. In particular, we have not yet fully integrated the accounting and financial reporting systems of these businesses and are evaluating the extent to which we will do so in the future. Any of these acquisition or other integration-related issues could divert management's attention and resources from our day-to-day operations, cause significant disruption to our business and lead to substantial additional costs. Our inability to realize the anticipated benefits of an acquisition or to successfully integrate acquired companies as well as other transaction-related issues could have a material adverse effect on our business, financial condition and results of operations.

***Labor disruptions and other union activity could have a material adverse effect us.***

As of December 31, 2017, approximately 33% of our workforce was covered by collective bargaining agreements, and approximately 27% of these employees were included in a collective bargaining agreements that are due to expire within one year. If negotiations to renew expiring collective bargaining agreements are not successful or become unproductive, the union could take actions such as strikes, work slowdowns or work stoppages. Such actions at any one of our facilities could lead to a plant shut down or a substantial modification to employment terms, thereby causing us to lose net sales or to incur increased costs. We have not had any recent union-organized work stoppages in the United States, Canada or Mexico; however, we have experienced one union organizing effort directed at our non-union employees in the past ten years. There can be no assurances there will not be additional union organizing efforts, strikes, work slowdowns or work stoppages in the future. Any such disruption, or other issue related to union activity, could have a material adverse effect on our business, financial condition and results of operations.

***A tightening of mortgage lending or mortgage financing requirements or other reductions in the availability of consumer credit or increases in its cost could have a material adverse effect on us.***

We depend heavily on net sales generated from residential construction activity. Most home sales in the United States and Eastern Canada are financed through mortgage loans, and a significant percentage of renovation and other home repair activity is financed either through mortgage loans or other available credit. The financial crisis affected the financial position of many consumers and caused financial institutions to tighten their lending criteria, each of which contributed to a significant reduction in the availability of consumer credit. The mortgage lending and mortgage finance industries experienced significant instability because of, among other factors, a decline in property values and an increase in delinquencies, defaults and foreclosures. These developments resulted in a significant reduction in total new housing starts in the United States and consequently, a reduction in demand for our products in the residential sector. Similarly, the rate of interest payable on any mortgage or other form of credit will have an impact on the cost of borrowing. While base rates have remained low in recent years, they have recently begun to rise and may continue to rise in the future. Any increase in interest rates will increase the cost of borrowing and may make the purchase of a home less attractive and could reduce the number of new housing starts in the U.S. and Eastern Canada. Any future tightening of mortgage lending or other reductions in the availability of consumer credit or increases in its cost could have a material adverse effect on our business, financial condition and results of operations.

***We are in a dispute with HeidelbergCement related to the payment of an earnout in connection with the Acquisition and any significant earnout payment we are required to make could have a material adverse effect on us.***

We are currently engaged in a dispute with HeidelbergCement regarding the earnout provision in the purchase agreement entered into in connection with the Acquisition. As discussed in greater detail in Item 3, “Legal Proceedings,” HeidelbergCement has asserted (and has filed a lawsuit against us asserting) that a payment should be made in the amount of $100.0 million. If it is determined that we are required to make a significant payment to HeidelbergCement, we may not have sufficient cash to make such payment and may be required to incur additional indebtedness. We cannot be certain that we will be able to borrow any funds for this purpose under the terms of our existing indebtedness or on other terms acceptable to us, if at all. If incurred, additional indebtedness will subject us to additional interest expense, negatively impact our cash flow, increase the risk of a downgrade in our credit rating and could limit our ability to incur other indebtedness or make further acquisitions.

***We are subject to increasingly stringent environmental laws and regulations, and any failure to comply with any current or future laws or regulations could have a material adverse effect on us.***

We are subject to federal, state, provincial, local and foreign laws and regulations governing the protection of the environment and natural resources, including those governing air emissions, wastewater discharges and the use, storage, discharge, handling, disposal, transport and cleanup of solid and hazardous materials and wastes.

We are required to obtain permits from governmental authorities for certain operations, and if we expand or modify our facilities or if environmental laws change, we could be required to obtain new or modified permits.

Environmental laws and regulations, including those related to energy use and climate change, tend to become more stringent over time, and any future laws and regulations could have a material impact on our operations or require us to incur material additional expenses to comply with any such future laws and regulations. Future environmental laws and regulations may cause us to modify how we manufacture and price our products or require that we make significant capital investments to comply. For example, our manufacturing processes use a significant amount of energy, and increased regulation of energy use to address the possible emission of greenhouse gases could materially increase our manufacturing costs or require us to install emissions control or other equipment at some or all of our manufacturing facilities.

If we fail to comply with any existing or future environmental laws, regulations or permits, we could incur fines, penalties or other sanctions and suffer reputational harm. In addition, we could be held responsible for costs and damages arising from claims or liabilities under environmental laws and regulations, including with respect to any exposure to hazardous materials or contamination at our facilities or at third-party waste disposal sites. We could also be subject to third-party claims from individuals if any releases from our property were to cause contamination of the air, soil or groundwater of areas near our facilities. These laws and regulations may also require us to investigate and, in certain instances, remediate contamination. Some of our sites have a history of industrial use, and while we apply strict environmental operating standards and undertake extensive environmental due diligence in relation to our facilities and acquisitions, some soil and groundwater contamination has occurred in the past at a limited number of sites. We could be held liable for the costs to address contamination of any real property we have ever owned, leased, operated or used, including as a disposal site. We could also be subject to third-party claims for property damage, personal injury or nuisance or otherwise as a result of violations of or liabilities under environmental laws in connection with releases of hazardous or other materials.

As of December 31, 2017, we had accrued approximately $1.6 million for environmental liabilities. Additionally, we cannot completely eliminate the risk of future contamination. Any costs or other damage related to existing or future environmental laws, regulations or permits or any violations thereof could expose us to significant financial losses as well as civil and criminal liabilities, any of which could have a material adverse effect on our business, financial condition and results of operations.

***We are subject to health and safety laws and regulations, and the costs to comply with, or any failure to comply with, any current or future laws or regulations could have a material adverse effect on us.***

Manufacturing sites are inherently dangerous workplaces. Our sites often put our employees and others in close proximity with large pieces of mechanized equipment, moving vehicles, chemical and manufacturing processes, heavy products and items and highly regulated materials. As a result, we are subject to a variety of health and safety laws and regulations dealing with occupational health and safety. Unsafe work sites have the potential to increase employee turnover and raise our operating costs. Our safety record can also impact our reputation. We maintain functional groups whose primary purpose is to ensure we implement effective work procedures throughout our organization and take other steps to ensure the health and safety of our work force, but there can be no assurances these measures will be successful in preventing injuries, including severe injuries and fatalities, or violations of health and safety laws and regulations. Any failure to maintain safe work sites or violations of applicable law could expose us to significant financial losses and reputational harm, as well as civil and criminal liabilities, any of which could have a material adverse effect on our business, financial condition and results of operations.

***The use of our products is often affected by various laws and regulations in the markets in which we operate, any of which may have a material adverse effect on us.***

The use of many of our products is subject to approvals by municipalities, state departments of transportation, engineers and developers. These approvals and specifications, including building codes, may affect the products our customers or their customers (the end users) are allowed or choose to use, and, consequently, failure to obtain or maintain such approvals or changes in building codes may affect the saleability of our products. Changes in applicable regulations governing the sale of some of our products or the failure of any of our products to comply with such requirements could increase our costs of doing business, reduce sales or otherwise have a material adverse effect on our business, financial condition and results of operations.

***We depend on the services of key executives and any inability to attract and retain key management personnel could have a material adverse effect on us.***

Our key management personnel, including our Chief Executive Officer and Chief Financial Officer, are important to our success because they are instrumental in setting our strategic direction, operating our business and identifying expansion opportunities. Additionally, as our business grows, we may need to attract and hire additional management personnel. We have employment agreements with some members of senior management; however, we cannot prevent our executives from terminating their employment with us, and any replacements we hire may not be as effective. Further, we have undergone some changes at the senior management level and any such transition involves inherent risk and any failure to ensure a smooth transition to new personnel could hinder our strategic planning, execution and future performance. While we strive to mitigate the negative impact associated with changes our senior management team, there may be uncertainty among investors, employees, customers and others concerning our future direction and performance. Our ability to retain our key management personnel or to attract additional management personnel or suitable replacements should any members of our management team leave is dependent on a number of factors, including the competitive nature of the employment market. Any failure to retain key management personnel or to attract additional or suitable replacement personnel could have a material adverse effect on our business, financial condition and results of operations.

***Any failure to retain and attract additional skilled technical or sales personnel could have a material adverse effect on us.***

Our success depends in part on our ability to retain and attract additional skilled employees, particularly engineering and technical personnel. Without a sufficient number of skilled employees, our operations and manufacturing quality could suffer. The reduction in demand for products in our industry that occurred during the financial crisis led to a number of skilled workers leaving our industry permanently, reducing an already limited pool of available and qualified personnel. Furthermore, as unemployment has been reduced in recent years, the labor market has tightened in recent years. Our experienced sales team has also developed a number of meaningful customer relationships that would be difficult to replace. Therefore, competition for qualified technical personnel and operators as well as sales personnel with established customer relationships is intense, both in retaining our existing employees and when replacing or finding additional suitable employees. There can be no assurances the labor pool from which we hire our this personnel will increase or remain stable and any failure to retain our existing technical and sales personnel and other employees or attract additional skilled personnel could have a material adverse effect our business, financial condition and results of operations.

***Credit and non-payment risks of our customers, especially during times of economic uncertainty and tight credit markets, could have a material adverse effect on us.***

As is customary in our industry, the majority of our sales are to customers on an open credit basis, with standard payment terms of 30 days. While we generally monitor the ability of our customers to pay these open credit arrangements and limit the credit we extend to what we believe is reasonable based on an evaluation of each customer's financial condition and payment history, we may still experience losses because of a customer's inability to pay. As a result, while we maintain what we believe to be a reasonable allowance for doubtful receivables for potential credit losses based upon our historical trends and other available information, there is a risk that our estimates may not be accurate, particularly in times of economic uncertainty and tight credit markets. Any inability to collect customer receivables or inadequate provisions for doubtful receivables could have a material adverse effect on our business, financial condition and results of operations.

***Warranty and related claims could have a material adverse effect on us.***

We generally provide warranties on our products against defects in materials and workmanship, the costs of which could be significant. Many of our products such as gravity pipe are buried underground and incorporated into a larger infrastructure system, such as a city's or municipality's water transmission system, or built into the fabric of a building or dwelling. In most cases, it is difficult to access, repair, recall or replace these products. Additionally, some of our products, such as our pressure pipe, which is used in nuclear and coal-fired power generation factories, are used in applications where a product failure or construction defect could result in significant project delay, property damage, personal injury or death or could require significant remediation expenses. Because our products, including discontinued products, are long lasting, claims can also arise many years after their manufacture and sale. Additionally, product failures may also arise due to the quality of the raw materials we purchase from third-party suppliers or the quality of the work performed by our customers, including installation work, matters for which we have little to no control, but which may still subject us to a warranty claim. We may also assume product warranty or other similar obligations in acquisition transactions regarding the products sold by the acquired businesses prior to the transaction date for which we are not indemnified pursuant to the terms of the relevant transaction documentation. Our quality control systems and procedures and those of our suppliers and customers cannot test for all possible conditions of use or identify all defects in the design, engineering or specifications of one of our products or the raw materials we use before they are put to their intended purpose. Therefore, there can be no assurances that we will not supply defective or inferior products that cause product or system failure, which could give rise to potentially extensive warranty and other claims for damages, as well as negatively impact our reputation and the perception of our product quality and reliability. While we have established reserves for warranty and related claims that we believe to be reasonable, these claims may exceed our reserves and any such excess and any negative publicity and other issues related to such claims could have a material adverse effect on our business, financial condition and results of operations.

***Legal and regulatory claims and proceedings could have a material adverse effect on us.***

We are subject to claims, litigation and regulatory proceedings in the normal course of business and could become subject to additional claims in the future, some of which could be material. For example, we have been, and may in the future be, subject to claims for product liability, construction defects, project delay, personal injury, property and other damages as well as allegations regarding compliance with mandated product specifications. Claims and proceedings, whether or not they have merit and regardless of the outcome, are typically expensive and can divert the attention of management and other personnel for significant periods of time. Additionally, claims and proceedings can impact customer confidence and the general public's perception of our company and products, even if the underlying assertions are proven to be false.

We are also currently a defendant, together with several of our current and former officers and directors, in three putative class action lawsuits, each filed by a plaintiff seeking damages against the Company for allegations of violations of United States laws regulating securities, as discussed in greater detail in Item 3, "Legal Proceedings," and Note 15 to the consolidated financial statements. Lawsuits involving us or our current or former officers and directors could result in significant expense and divert attention and resources of our management and other key employees. In addition to any damages we may be required to pay, we are generally obligated indemnify our current and former directors and officers in connection with lawsuits and related settlement amounts. Such amounts could exceed the coverage provided under our insurance policies.

While we have established reserves we believe to be reasonable under the facts known, the outcomes of litigation and similar disputes are often difficult to reliably predict and may result in decisions or settlements that are contrary to, or in excess of, our expectations, and losses may exceed our reserves. In addition, various factors and developments could lead us to make changes in our current estimates of liabilities and related insurance receivables or make new or modified estimates as a result of a judicial ruling or judgment, settlement, regulatory development or change in applicable law. Any claims or proceedings, particularly those in which we are unsuccessful or for which we did not establish adequate reserves, could harm our reputation and could have a material adverse effect on our business, financial condition and results of operations or cash flows.

***The seasonality of our business and its susceptibility to severe and prolonged periods of adverse weather and other conditions could have a material adverse effect on us.***

Demand for our products in some markets is typically seasonal, with periods of snow or heavy rain negatively affecting construction activity. For example, sales of our products in Canada and the Northeast and Midwest regions of the United States are somewhat higher from spring through autumn when construction activity is greatest. Construction activity declines in these markets during the winter months in particular due to inclement weather, frozen ground and fewer hours of daylight. Construction activity can also be affected in any period by adverse weather conditions such as hurricanes, severe storms, torrential rains and floods, natural disasters such as fires and earthquakes and similar events, any of which could reduce demand for our products, push back existing orders to later dates or lead to cancellations. Furthermore, our ability to deliver products on time or at all to our customers can be significantly impeded by such conditions and events, such as these described above. Public holidays and vacation periods constitute an additional factor that may exacerbate certain seasonality effects, as building projects or industrial manufacturing processes may temporarily cease. These conditions, particularly when unanticipated, can leave both equipment and personnel underutilized. Additionally, the seasonal nature of our business has led to variation in our quarterly results in the past and may continue to do so in the future. This general seasonality of our business and any severe or prolonged adverse weather conditions or other similar events could have a material adverse effect on our business, financial condition and results of operations.

***Certain of the contracts in our backlog may be adjusted, canceled or suspended by our customers and, therefore, our backlog is not necessarily indicative of our future revenues or earnings or, even if performed, a good indicator of our future margins.***

As of December 31, 2017, our backlog totaled approximately $430 million. In accordance with industry practice, many of our contracts are subject to cancellation, reduction, termination or suspension at the discretion of the customer in respect of work that has not yet been performed. In the event of a project cancellation, we would generally have no contractual right to the total revenue reflected in our backlog, but instead would collect revenues in respect of all work performed at the time of cancellation as well as all other costs and expenses incurred by us through such date. Projects can remain in backlog for extended periods of time because of the nature of the project, delays in execution of the project and the timing of the particular services required by the project. Additionally, the risk of contracts in backlog being canceled, terminated or suspended generally increases at times, including as a result of periods of widespread macroeconomic and industry slowdown, weather, seasonality and many of the other factors impacting our business. Many of the contracts in our backlog are subject to changes in the scope of services to be provided as well as adjustments to the costs relating to the contracts. The revenue for certain contracts included in backlog are based on estimates. Therefore, the timing of performance on our individual contracts can affect greatly our margins and hence, future profitability. There is no assurance that backlog will actually be realized as revenues in the amounts reported or, if realized, will result in any estimated profits.

***Our project-based business requires significant liquidity, and any inability to ensure adequate financing or guarantees for large projects in the future could have a material adverse effect on us.***

The projects in which we participate, particularly in our pressure pipe business, can be capital-intensive and often require substantial liquidity levels. In line with industry practice, we receive prepayments from our customers as well as milestone payments. However, a change in prepayment patterns or our inability to obtain third-party guarantees in respect of such prepayments could force us to seek alternative financing sources, such as bank debt or in the capital markets, which we may not be able to do on terms acceptable to us or at all, any of which could have a material adverse effect on our business, financial condition and results of operations.

As is customary in some of our sub-markets, we provide our customers with performance guarantees and other guarantee instruments, such as surety bonds, that guarantee the timely completion of a project pursuant to defined contractual specifications. We also enter into contractual obligations to pay liquidated damages to our customers for project delays. We are required to make payments under these contracts, guarantees and instruments if we fail to meet any of the specifications. Some customers require the performance guarantees to be issued by a reputable and credit worthy financial institution in the form of a letter of credit, surety bond or other financial guarantee. Financial institutions consider our credit ratings and financial position in the guarantee approval process. Our credit ratings and financial position could make the process of obtaining guarantees from financial institutions more difficult and expensive. If we cannot obtain such guarantees from reputable and credit-worthy financial institutions on reasonable terms or at all, we could face higher financing costs or even be prevented from bidding on or obtaining new projects, and any of these or other related obstacles could have a material adverse effect on our business, financial condition and results of operations.

***Our business and financial performance could be adversely impacted based on disruptions, delays, outages of our information technology systems and computer networks.***

Our manufacturing facilities as well as our sales and service activities depend on the efficient and uninterrupted operation of complex and sophisticated IT systems and computer networks, which are subject to failure and disruption. These and other problems may be caused by system updates, natural disasters, malicious attacks, accidents, power disruptions, telecommunications failures, acts of terrorism or war, computer viruses, physical or electronic break-ins or other similar events. Additionally, because we have grown through various acquisitions, we have integrated and are integrating a number of disparate IT systems across our organization, certain of which may be outdated and due for replacement, further increasing the likelihood of problems. We may in the future replace and integrate systems or implement new technology systems, but these updates may not be successful, they may create new issues we currently do not face or they may significantly exceed our cost estimates.

We outsource certain portions of the operations of our IT systems to a third party. Any failure of us or of our third party provider to effectively operate such systems could cause a disruption in our IT systems. Any disruption in our IT systems could interrupt or damage our operations and our ability to meet customer needs as well as our ability to maintain effective controls. These events could damage our reputation and cause us to incur unanticipated liabilities, including financial losses from remedial actions, business interruptions, loss of business and other unanticipated costs which may not be covered by insurance. Despite the defensive measures we have taken to protect our data and IT, our systems could be vulnerable to disruption and any such disruption and the resulting fallout could have a material adverse effect on our business, financial condition and results of operations.

***Cybersecurity attacks may threaten our confidential information, disrupt operations and result in harm to our reputation and adversely impact our business and financial performance.***

Cybersecurity attacks across industries, including ours, are increasing in sophistication and frequency and may range from uncoordinated individual attempts to measures targeted specifically at us. These attacks include but are not limited to, malicious software or viruses, attempts to gain unauthorized access to, or otherwise disrupt, our information systems, attempts to gain unauthorized access to business, proprietary or other confidential information, and other electronic security breaches that could lead to disruptions in critical systems, unauthorized release of confidential or otherwise protected information and corruption of data. Cybersecurity failures may be caused by employee error, malfeasance, system errors or vulnerabilities, including vulnerabilities of our vendors, suppliers, and their products. We have been subject to cybersecurity attacks in the past, including breaches of our IT systems, including one that exposed certain confidential business information through the compromise of a corporate manager's email account. Based on information known to date, past attacks have not had a material impact on our financial condition or results of operations. We may experience such attacks in the future, potentially with more frequency or sophistication.

Failures of our IT systems as a result of cybersecurity attacks or other disruptions could result in a breach of critical operational or financial controls and lead to a disruption of our operations, commercial activities or financial processes. Cybersecurity attacks or other disruptions impacting significant customers and/or suppliers could also lead to a disruption of our operations or commercial activities. Despite our attempts to implement safeguard our systems and mitigate potential risks, there is no assurance that such actions will be sufficient to prevent cyberattacks or security breaches that manipulate or improperly use our systems or networks, compromise confidential or otherwise protected information, destroy or corrupt data, or otherwise disrupt our operations. The occurrence of such events could have a material adverse effect on our business financial condition and results of operations.

***We have material weaknesses in our internal control over financial reporting and our inability to remediate these weaknesses or otherwise implement and maintain effective internal control over financial reporting, or the inability of our independent registered public accounting firm to provide an unqualified report thereon, could have a material adverse effect on us.***

As a public company, we are required to comply with the SEC's rules implementing Sections 302 and 404 of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, which require management to certify financial and other information in our quarterly and annual reports and provide an annual management report on the effectiveness of controls over financial reporting.

The annual assessment for fiscal year 2017 resulted in the identification of three material weaknesses that existed as of December 31, 2017, one regarding inventory, one regarding the revenue recognition process, and one regarding our controls over user access to IT systems and changes to IT programs and data.

These material weaknesses could, among other things, adversely impact our ability to provide timely and accurate financial information or result in a misstatement of the account balances or disclosures that would result in a material misstatement to our annual or interim financial statements that would not be prevented or detected. The material weaknesses are described in greater detail in Item 9A, Disclosure Controls and Procedures.

A "material weakness" is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements would not be prevented or detected on a timely basis. We cannot assure you that we will adequately remediate the material weaknesses or that additional material weaknesses in our internal controls will not be identified in the future. Any failure to maintain or implement required new or improved controls or any difficulties we encounter in their implementation could result in additional material weaknesses or could result in material misstatements in our financial statements.

We are in the process of remediating the identified material weaknesses in our internal controls, but we are unable at this time to estimate when the remediation effort will be completed. During the course of implementing additional processes and controls or testing the operating effectiveness of those controls, we may identify additional control deficiencies, which could give rise to other material weaknesses, in addition to the material weaknesses described above. As we continue to evaluate and improve our internal controls over financial reporting, we may need to take additional measures to address material weaknesses or to modify certain of the remediation measures. It may be difficult or costly to remediate the material weaknesses, and we may be required to add new personnel with tailored skill sets. If we fail to remediate our material weaknesses, there will continue to be an increased risk that our future financial statements could contain errors that will be undetected. The existence of a material weakness could result in errors in our financial statements which could require a restatement of financial statements, cause us to fail to timely meet our reporting obligations, lead to a loss of investor confidence, have a negative impact on the trading price of our common stock, or cause us to incur substantial incremental costs.

***Sharing our brand name and logo could have a material adverse effect on us.***

We share the "Forterra" brand with the operator of HeidelbergCement's former building products business in the United Kingdom, or Forterra UK, a public company listed on the London FTSE, and, through August 2018, with the Bricks Joint Venture. See Item 7. Management's Discussion And Analysis of Financial Condition And Results Of Operations for more information regarding the Bricks Joint Venture. Forterra UK is not affiliated with us and, to our knowledge, is no longer affiliated with Lone Star and operates solely in the United Kingdom. The Bricks Joint Venture is 50% owned by Lone Star. We have no control over Forterra UK's use of the "Forterra" name and logo in Europe. Any actions or negative publicity related to either of Forterra UK or the Bricks Joint Venture and their products could have a material adverse effect on our business, financial condition and results of operations.

***Any inability to protect our intellectual property or claims that we infringe on the intellectual property rights of others could have a material adverse effect on us.***

We rely on a combination of patents, trademarks, trade names, confidentiality and nondisclosure clauses and agreements, and other unregistered rights to define and protect our rights to our brand and the intellectual property used in certain of our products, including the innovative technologies relating to storm water management acquired in the Bio Clean Acquisition. We also rely on product, industry, manufacturing and market "know-how" that cannot be registered and may not be subject to any confidentiality or nondisclosure clauses or agreements. Furthermore, while we have submitted the appropriate applications, and we continue to apply for new patents for certain innovations, including new Bio Clean technologies, and our rights to the intellectual property could be challenged by a third party. We cannot guarantee that any of our registered or unregistered intellectual property rights or our know-how, or claims thereto, will now or in the future successfully protect what we consider to be the intellectual property underlying our products and business, or that our rights will not be successfully opposed or otherwise challenged. We also cannot guarantee that each application filed will be approved. To the extent that our innovations, products and name are not protected by patents or other intellectual property rights, third parties, including competitors, may be able to commercialize our innovations or products or use our know-how. Additionally, we have faced in the past and may in the future face claims that we are infringing the intellectual property rights of others, including with respect to both existing and new technologies we use. If any of our products are found to infringe the patents or other intellectual property rights of others, our manufacture and sale of such products could be significantly restricted or prohibited and we may be required to pay substantial damages or on-going licensing fees. Any inability to protect our intellectual property rights or any misappropriation of the intellectual property of others could have a material adverse effect on our business, financial condition and results of operations.

***Our foreign operations could have a material adverse effect on us.***

We operate production facilities in Canada and Mexico and we are therefore subject to a number of risks specific to these countries. These risks include social, political and economic instability, unexpected changes in regulatory requirements, tariffs and other trade barriers, currency exchange fluctuations, acts of war or terrorism and import/export requirements. In addition, we have a limited number of sales to other foreign jurisdictions, primarily concentrated in the Dominican Republic and Bolivia. Our consolidated financial statements are reported in U.S. dollars with international transactions being translated into U.S. dollars. If the U.S. dollar strengthens in relation to the Canadian dollar, our U.S. dollar reported net sales and income will decrease. Additionally, since we incur costs in foreign currencies, fluctuation in those currencies' value can negatively impact manufacturing and selling costs. See Item 7A, "Quantitative and Qualitative Disclosures about Market Risk." There can be no assurances that any of these factors will not materially impact our production cost or otherwise have a material adverse effect on our business, financial condition and results of operations.

***A reduction in or the loss of sales to a key customer could have a material adverse effect on us.***

For the year ended December 31, 2017, Core & Main accounted for 13% of our consolidated net sales. Because we do not have binding long-term purchasing agreements with Core & Main, there can be no assurance that it will continue to purchase products from us at current levels or at all.  If Core & Main reduces, delays or cancels a substantial number of orders or ceases being a customer for any reason, could have a material adverse effect on our business, financial condition and results of operations.

***The impact of comprehensive tax reform in the United States is uncertain and such reform could adversely affect us.***

On December 22, 2017, the U.S. government enacted comprehensive tax reform legislation commonly known as the Tax Cuts and Jobs Act, or TCJA. Effective January 2018, the TCJA, among other things, reduces the marginal U.S. corporate income tax rate from 35% to 21%, limits the deductibility of interest expenses, limits the deduction for net operating losses and eliminates net operating loss carrybacks, modifies or eliminates many business deductions and credits, and establishes a territorial-style system for taxing foreign source income of domestic multinational corporations. Financial statement impacts include adjustments for, among other things, the remeasurement of deferred tax assets and liabilities. See Note 19 to the consolidated financial statements of the Original 10-K.

Our current estimated impact of the TCJA is based on our management's current knowledge and assumptions, and recognized impacts could be materially different from current estimates based on our actual results and further analysis of the TCJA. Our net deferred tax assets and liabilities have been revalued at the newly enacted U.S. corporate rate, and the estimated impact was recognized as a reduction in our tax expense in the year ended December 31, 2017, the year of enactment. Notwithstanding the reduction in the corporate income tax rate, we continue to examine the impact the TCJA may have on our business, and the effect of the TCJA on us and our affiliates, whether adverse or favorable, is uncertain, and may not become evident for some period of time. In addition, there is the possibility that the TCJA could negatively impact our operating results and financial condition.

***Insufficient insurance coverage could have a material adverse effect on us.***

We maintain property, business interruption, counterparty and liability insurance coverage that we believe is consistent with industry practice. However, our insurance program does not cover, or may not adequately cover, every potential risk associated with our business and the consequences thereof. In addition, market conditions or any significant claim or a number of claims made by or against us could cause our premiums and deductibles to increase substantially and, in some instances, our coverage may be reduced or become entirely unavailable. In the future, we may not be able to obtain meaningful coverage at reasonable rates for a variety of risks, including certain types of environmental hazards and ongoing regulatory compliance. In addition, we self-insure a portion of our exposure to certain matters, including employee health care claims of up to $500,000 per covered individual per year and wage-payment obligations for short-term disability. If our insurance coverage is insufficient, if we are not able to obtain sufficient coverage in the future, or if we are exposed to significant losses as a result of the risks for which we self-insure, any resulting costs or liabilities could have a material adverse effect on our business, financial condition and results of operations.

### Risks Relating to our Indebtedness

***The terms of our debt could have a material adverse effect on us.***

We have substantial debt and may incur additional debt. As of December 31, 2017, we had approximately $1,193.8 million of total debt, net of debt issuance costs and original issue discount. Our credit facility contains a number of significant restrictions and covenants that generally restrict our business and limit our ability to, among other things:

- dispose of certain assets;
- incur or guarantee additional indebtedness;
- enter into new lines of business;
- make investments, intercompany loans or certain payments in respect of indebtedness;
- incur or maintain certain liens;
- enter into transactions with affiliates;
- engage in certain sale and leaseback transactions;
- declare or pay dividends and make other restricted payments, including the repurchase or redemption of our stock; and
- engage in mergers, consolidations, liquidations and certain asset sales.

The credit facility also requires us to maintain certain financial ratios. See Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” for more information regarding the terms of our credit facility.

These and other similar provisions in these and other documents could have adverse consequences on our business and to our investors because they limit our ability to take these actions even if we believe that a specific transaction would contribute to our future growth or improve our operating results. For example, these restrictions could limit our flexibility in planning for or reacting to changes in our business and our industry, thereby inhibiting our ability to react to markets and potentially making us more vulnerable to downturns. These restrictions could also require that, based on our level of indebtedness, a significant portion of our cash flow from operations be used to make interest payments, thereby reducing the cash flow available for working capital, to fund capital expenditures or other corporate purposes and to generally grow our business. Furthermore, these restrictions could prevent us from pursuing a strategic transaction that we believe is in the best interests of our company and our stockholders.

Under the terms of a U.S. master lease, we have leased certain U.S. properties through April 4, 2036 at a cost of approximately $14.9 million per annum, payable monthly, subject to an annual 2.0% increase. Under the terms of a Canadian master lease, we have leased certain Canadian properties through April 4, 2036 at a cost of $3.2 million (CAD) per annum. Each of these master lease agreements contain certain restrictions and covenants that limit, among other things, our use of and ability to sublease or discontinue use of the leased properties, our ability to consider strategic divestitures of properties that are leased and our ability to consolidate operations as may be appropriate in order to minimize operating costs. See Note 14, Sale-leaseback transaction, in the consolidated financial statements.

Our ability to comply with these provisions may be affected by events beyond our control. A breach of any of these provisions or any inability to comply with mandated financial ratios could result in a default, in which case the lenders may have the right to declare all borrowings to be immediately due and payable. If we are unable to repay any borrowings when due, whether at maturity or if declared due and payable following a default, the lenders would have the right to proceed against the pledged collateral securing the indebtedness. Therefore, the restrictions under our credit facility and any breach of the covenants or failure to otherwise comply with the terms of the credit facility could have a material adverse effect on our business, financial condition and results of operations.

***Our current indebtedness and any future indebtedness we may incur could have a material adverse effect on us.***

We expect that we will depend primarily on cash generated by our operations to pay our expenses and any amounts due under our credit facility and any other indebtedness we may incur. However, our business may not generate sufficient cash flows from operations in the future and our currently anticipated growth in revenues and cash flows may not be realized, either or both of which could result in us being unable to repay indebtedness or our inability to fund other liquidity or strategic needs. Our ability to make these payments depends on our future performance, which will be affected by financial, business, economic and other factors, many of which are beyond our control. If we do not have sufficient liquidity, we may be required to refinance all or part of our then existing debt, sell assets or borrow more money.

If we incur additional indebtedness, the risks related to our indebtedness that we currently face could intensify. In addition to the risk of higher interest rates and fees, the non-economic terms of any additional indebtedness may contain covenants and other terms restricting our financial, operating and strategic flexibility to an equal or greater extent as those imposed by our credit facility. Additional indebtedness may also include cross-default provisions such that, if we breach a restrictive covenant with respect to any of our indebtedness, or an event of default occurs, lenders may be entitled to accelerate all amounts owing under other outstanding indebtedness.

If we are required to refinance our indebtedness or otherwise incur additional indebtedness to fund strategic transactions or otherwise, any additional financing may not be available on terms favorable to us or at all. If, at such time, market conditions are materially different or our credit profile has deteriorated, the cost of refinancing our debt may be significantly higher than our indebtedness existing at that time, or we may not be able to refinance our debt at all. Any failure to meet any future debt service obligations or any inability to obtain any additional financing on terms acceptable to us or to comply therewith could have a material adverse effect on our business, financial condition and results of operations.

## Risks Related to Ownership of Our Common Stock

***Our common stock has a limited trading history and the trading price of our common stock may be volatile and could decline substantially.***

Prior to our initial public offering in October 2016, there was no market for shares of our common stock. Although our common stock is listed on the Nasdaq Global Select Market, or Nasdaq, the market price of our common stock may be highly volatile and subject to wide fluctuations.

Some of the factors that could negatively affect the market price of our common stock or result in significant fluctuations in price, regardless of our actual operating performance, include:

- actual or anticipated variations in our quarterly operating results;
- changes in market valuations of similar companies;
- changes in the markets in which we operate;
- additions or departures of key personnel;
- actions by stockholders, including the sale by Lone Star of any of its shares of our common stock;
- speculation in the press or investment community;
- general market, economic and political conditions, including an economic slowdown;
- uncertainty regarding economic events, including in Europe in connection with the United Kingdom’s possible departure from the European Union;
- changes in interest rates;
- our operating performance and the performance of other similar companies;
- our ability to accurately project future results and our ability to achieve those and other industry and analyst forecasts; and
- new legislation or other regulatory developments that adversely affect us, our markets or our industry.

Furthermore, at times, the stock market has experienced significant price and volume fluctuations. This volatility has had a significant impact on the market price of securities issued by many companies, including companies in our industry, and often occurs without regard to the operating performance of the affected companies. Therefore, factors that have little or nothing to do with us could cause the price of our common stock to fluctuate, and these fluctuations or any fluctuations related to our company could cause the market price of our common stock to decline materially.

***Our future operating results may fluctuate significantly and our current operating results may not be a good indication of our future performance. Fluctuations in our quarterly financial results could affect our stock price in the future.***

Our revenues and operating results have historically varied from period to period and we expect that they will continue to do so as a result of a number of factors, many of which are outside of our control, including the cyclicality and seasonality of our industry. If our quarterly financial results fail to meet the expectations of securities analysts and investors, our stock price could be negatively affected. Any volatility in our quarterly financial results may make it more difficult for us to raise capital in the future or pursue acquisitions that involve issuances of our stock. Our operating results for prior periods may not be effective predictors of future performance.

***The coverage of our business or our common stock by securities or industry analysts or the absence thereof could adversely affect our stock price and trading volume.***

The trading market for our common stock is influenced in part by the research and other reports that industry or securities analysts may publish about us or our business. We currently have, but may not be able to continue, research coverage by industry or financial analysts. If analysts do not continue coverage of us, the trading price and volume of our stock would likely be negatively impacted. Even if analyst coverage continues, if one or more of the analysts who cover us downgrade our stock, or if analysts issue other unfavorable commentary or inaccurate research, our stock price would likely decline. If one or more of these analysts cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline.

***Lone Star may have conflicts of interest with other stockholders and may limit your ability to influence corporate matters.***

Lone Star beneficially owns approximately 70.2% of our outstanding common stock. As a result of this concentration of stock ownership, Lone Star acting on its own has sufficient voting power to effectively control all matters submitted to our stockholders for approval, including director elections and proposed amendments to our bylaws or certificate of incorporation. Six of the ten members of our board of directors are employees or affiliates of Lone Star.

In addition, this concentration of ownership may delay or prevent a merger, consolidation or other business combination or change in control of our company and make some transactions that might otherwise give you the opportunity to realize a premium over the then-prevailing market price of our common stock more difficult or impossible without the support of Lone Star. Because we have opted out of Section 203 of the Delaware General Corporation Law, or the DGCL, regulating certain business combinations with interested stockholders, Lone Star may transfer control of us to a third party by transferring its common stock without the approval of our board of directors or other stockholders, which may limit the price that investors are willing to pay in the future for shares of our common stock. The interests of Lone Star may not always coincide with our interests as a company or the interests of other stockholders. Accordingly, Lone Star could cause us to enter into transactions or agreements of which you would not approve or make decisions with which you would disagree. This concentration of ownership may also adversely affect our share price.

Lone Star is in the business of making investments in companies and may from time to time acquire and hold interests in businesses that compete directly or indirectly with us, although it does not currently hold any such interests. Lone Star may also pursue acquisition opportunities that may be complementary to our business, and as a result, those acquisition opportunities may not be available to us. In recognition that principals, members, directors, managers, partners, stockholders, officers, employees and other representatives of Lone Star and its affiliates and investment funds may serve as our directors or officers, our amended and restated certificate of incorporation provides, among other things, that none of Lone Star or any principal, member, director, manager, partner, stockholder, officer, employee or other representative of Lone Star has any duty to refrain from engaging directly or indirectly in the same or similar business activities or lines of business that we do. In the event that any of these persons or entities acquires knowledge of a potential transaction or matter which may be a corporate opportunity for itself and us, we will not have any expectancy in such corporate opportunity, and these persons and entities will not have any duty to communicate or offer such corporate opportunity to us and may pursue or acquire such corporate opportunity for themselves or direct such opportunity to another person. These potential conflicts of interest could have a material adverse effect on our business, financial condition and results of operations if, among other things, attractive corporate opportunities are allocated by Lone Star to themselves or their other affiliates.

Lone Star may also have conflicts of interest with the Company and other stockholders as a result of its status as a party to the tax receivable agreement. For example, the tax receivable agreement entered into with Lone Star at the time of our initial public offering gives us the right to terminate the tax receivable agreement with approval of a majority of our independent directors and with Lone Star's consent by making a payment equal to the present value of future payments under the tax receivable agreement (based on certain assumptions and deemed events in the agreement, including those relating to our and our subsidiaries' future taxable income). Lone Star may determine to withhold its consent to terminate the tax receivable agreement at a time when such a termination would be favorable to us and the other stockholders. Furthermore, the tax receivable agreement prohibits us from settling any tax audit without Lone Star's consent (not to be unreasonably withheld, conditioned or delayed) if the outcome of the audit is reasonably expected to affect Lone Star's rights under the tax receivable agreement. Therefore, Lone Star may determine to withhold consent to a settlement that reduces the payments Lone Star will receive under the tax receivable agreement, even though the settlement might be favorable to us and our stockholders.

***We will be required to pay Lone Star for certain tax benefits, and these amounts are expected to be material.***

We entered into a tax receivable agreement with Lone Star that provides for the payment by us to Lone Star of 85% of the amount of cash savings, if any, in U.S. federal, state, local and non-U.S. income tax that we and our subsidiaries realize (or in some circumstances are deemed to realize) as a result of the utilization of certain tax benefits, together with interest accrued at a rate of LIBOR plus 100 basis points from the date the applicable tax return is due (without extension) until paid. These tax benefits, which we collectively refer to as the Covered Tax Benefits, include: (i) all depreciation and amortization deductions, and any offset to taxable income and gain or increase to taxable loss, resulting from the tax basis that we have in our assets as of the time of the consummation of our initial public offering, (ii) the utilization of our and our subsidiaries' net operating losses and tax credits, if any, attributable to periods prior to our initial public offering, (iii) deductions in respect of payments made, funded or reimbursed by an initial party to the tax receivable agreement (other than us or one of our subsidiaries) or an affiliate thereof to participants under the LSF9 Concrete Holdings Ltd Long Term Incentive Plan, or the LTIP, (iv) deductions in respect of transaction expenses attributable to the acquisition of U.S. Pipe and (v) certain other tax benefits attributable to payments made under the tax receivable agreement. The tax receivable agreement will remain in effect until all Covered Tax Benefits have been used or expired, unless the agreement is terminated early, as described below.

We expect that the payments we make under the tax receivable agreement could be substantial. Assuming no material changes in the relevant tax law, and that we and our subsidiaries earn sufficient income to realize the full tax benefits subject to the tax receivable agreement, we currently estimate that future payments under the agreement will aggregate to approximately $117.6 million. This amount excludes any payments that may be made to Lone Star under the tax receivable agreement as a result of tax benefits recognized in connection with payments under the LTIP and, thus, the actual payments we ultimately are required to make under the tax receivable agreement could be greater, potentially materially greater, than these amounts. These payment obligations are our obligations and are not obligations of any of our subsidiaries. Furthermore, these payment obligations are not conditioned upon Lone Star maintaining a continued direct or indirect ownership interest in us. The actual utilization of Covered Tax Benefits as well as the timing of any payments under the tax receivable agreement will vary depending upon a number of factors, including the amount, character and timing of our and our subsidiaries' taxable income in the future.

***We will not be reimbursed for any payments made to Lone Star under the tax receivable agreement in the event that the tax benefits are disallowed.***

Lone Star will not reimburse us for any payments previously made under the tax receivable agreement if such benefits are subsequently disallowed upon a successful challenge by the Internal Revenue Service, although future payments under the agreement would be adjusted to the extent possible to reflect the result of such disallowance. As a result, in certain circumstances, payments could be made under the tax receivable agreement in excess of our cash tax savings if any, from the Covered Tax Benefits, and we may not be able to recoup those payments, which could adversely affect our liquidity.

***In certain cases, payments made by us under the tax receivable agreement may be accelerated and/or significantly exceed the actual benefits we realize in respect of the Covered Tax Benefits.***

The term of the tax receivable agreement will continue until all Covered Tax Benefits have been utilized or expired, unless we exercise our right to terminate the agreement with Lone Star's consent, we breach any of our material obligations under the agreement or certain credit events occur with respect to us, in any of which cases we will be required to make an accelerated payment to Lone Star equal to the present value of future payments under the tax receivable agreement. Such payment would be based on certain assumptions, including, among others, that we and our subsidiaries would generate sufficient taxable income and tax liability to fully utilize all Covered Tax Benefits. The tax receivable agreement also provides that upon certain mergers, asset sales, other forms of business combinations or other changes of control, our (or our successor's) payments under the tax receivable agreement for each taxable year after any such event would be based on certain valuation assumptions, including the assumption that we and our subsidiaries have sufficient taxable income to fully utilize the Covered Tax Benefits. Accordingly, payments under the tax receivable agreement may be made years in advance of the actual realization, if any, of the anticipated future tax benefits and may be significantly greater than the benefits we realize in respect of the Covered Tax Benefits.

Even if the payments under the tax receivable agreement are not accelerated as described above, such payments may be significantly greater than the benefits we realize in respect of the Covered Tax Benefits, due to the manner in which payments are calculated under the tax receivable agreement. For example, for purposes of calculating the payments to be made to Lone Star:

- it is assumed that we will pay effective state and local taxes at a rate of 5%, even though our actual effective state and local tax rate may be materially lower;
- tax benefits existing at the time of our initial public offering are deemed to be utilized before any post-closing/after-acquired tax benefits and, as a result, we could be required to make payments to Lone Star for a particular tax year even if our tax liability for such year would have been materially reduced or eliminated by reason of our utilization of the post-initial public offering/after-acquired tax benefits;
- a non-taxable transfer of assets by us to a non-consolidated entity is treated under the tax receivable agreement as a taxable sale at fair market value and, as a result, we could be required to make payments to Lone Star even though such non-taxable transfer would not generate any actual tax benefits to us or our non-consolidated entity; and
- a taxable sale or other taxable transfer of subsidiary stock by us (in cases where the subsidiary's tax basis in its assets exceeds our tax basis in the subsidiary's stock) is treated under the tax receivable agreement as a taxable sale of the subsidiary's assets and, as a result, we could be required to make payments to Lone Star that materially exceed the actual tax benefit we realize from such stock sale.

Because of the foregoing, our obligations under the tax receivable agreement could have a substantial negative impact on our liquidity and could have the effect of delaying, deferring or preventing certain mergers, asset sales, other forms of business combinations or other changes of control.

***Certain provisions of the tax receivable agreement limit our ability to incur additional indebtedness, which could adversely affect our business and growth strategy.***

For so long as the tax receivable agreement remains outstanding, without the prior written consent of Lone Star (not to be unreasonably withheld, conditioned or delayed), (a) we will be prohibited from entering into any agreement that would be materially more restrictive with respect to our ability to make payments under the tax receivable agreement than the terms of our credit agreement and (b) we will be prohibited from incurring any indebtedness for borrowed money if, immediately after giving effect to such incurrence and the application of proceeds therefrom, our consolidated net leverage ratio - the ratio of consolidated funded indebtedness for borrowed money less unrestricted cash to consolidated EBITDA - would exceed a certain specified ratio, in each case as calculated pursuant to the tax receivable agreement, unless the incurrence of such indebtedness is permitted by the terms of our credit agreement or any replacement credit agreements to the extent the terms thereof are no less restrictive in this regard than the applicable credit agreement it replaced. These restrictions on the incurrence of debt could adversely affect our business, including by preventing us from pursuing an acquisition or other strategic transaction that we believe is in the best interests of our company and our stockholders, thereby impeding our growth strategy. Lone Star has no fiduciary duties to us when deciding whether to enforce these covenants under the tax receivable agreement. Furthermore, the provision in the tax receivable agreement that requires that we make an accelerated payment to Lone Star equal to the present value of all future payments due under the tax receivable agreement if we breach any of our material obligations under the agreement or certain credit events occur with respect to us might make it harder for us to obtain financing from third party lenders on favorable terms.

***We would be required to make tax gross-up payments to Lone Star if we consummate a corporate inversion or similar transaction that causes payments under the tax receivable agreement to be subject to withholding taxes.***

If we were to consummate a change of control transaction that causes us (or our successor) to become a non-U.S. person (e.g., a corporate inversion transaction), and such transaction causes payments under the tax receivable agreement to become subject to withholding taxes, we would be required under the tax receivable agreement to make tax gross-up payments to Lone Star in respect of such withholding taxes in amounts that may exceed the tax savings realized by the Company from the Covered Tax Benefits. Any such tax gross-up payments could have a negative impact on our liquidity and our ability to finance our growth.

***We are a "controlled company" within the meaning of Nasdaq rules and, as a result, qualify for, and are relying on, exemptions from certain corporate governance requirements.***

Lone Star controls a majority of the voting power of our outstanding common stock. As a result, we area "controlled company" within the meaning of the Nasdaq corporate governance standards. Under the relevant Nasdaq rules, a company of which more than 50% of the voting power is held by a person or group is a "controlled company" and need not comply with certain requirements, including the requirement that a majority of the board of directors consist of independent directors and the requirements that the compensation and nominating and corporate governance committees be composed entirely of independent directors. We are utilizing these exemptions and, for so long as Lone Star controls a majority of the voting power of our outstanding common stock, we intend to continue to utilize these exemptions. As a result, among other things, we do not have a majority of independent directors and our compensation and nominating and corporate governance committees do not consist entirely of independent directors. Accordingly, you will not have the same protections afforded to stockholders of companies that are subject to all of the applicable Nasdaq corporate governance requirements.

***Future sales of our common stock in the public market could cause our stock price to fall.***

Lone Star beneficially owns approximately 70.2% of our outstanding shares of common stock. The shares held by Lone Star and all shares held by our affiliates are eligible for resale in the public market, subject to applicable securities laws, including the Securities Act of 1933, as amended, or the Securities Act. Therefore, unless shares owned by any of our affiliates are registered under the Securities Act, these shares may only be resold into the public markets in accordance with the requirements of an exemption from registration or safe harbor, including Rule 144 and the volume limitations, manner of sale requirements and notice requirements thereof. Lone Star is an affiliate of ours based on their share ownership and representation on our board of directors.

Pursuant to the terms of a registration rights agreement between Lone Star and us, Lone Star has the right to demand that we register its shares under the Securities Act as well as the right to include its shares in any registration statement that we file with the SEC, subject to certain exceptions. Any registration of Lone Star's shares would enable those shares to be sold in the public market, subject to certain restrictions in the registration rights agreement. Any sale by Lone Star or other affiliates or any perception in the public markets that such a transaction may occur could cause the market price of our common stock to decline materially.

We filed a registration statement on Form S-8 under the Securities Act registering shares under our stock incentive plan. Subject to the terms of the awards pursuant to which these shares may be granted and except for shares held by affiliates who will be subject to the resale restrictions described above, the shares issuable pursuant to our stock incentive plan will be available for sale in the public market.

***We have issued, and in the future we expect to issue, options, restricted stock and other forms of stock-based compensation, which have the potential to dilute stockholder value and cause the price of our common stock to decline.***

We have issued, and in the future expect to issue, stock based awards, including stock options, restricted stock and other forms of stock-based compensation to our independent directors, officers and employees. If any options that we have issued or may issue are exercised, or any restricted stock or other awards that we have issued or may issue vests, and the shares of common stock are sold into the public market, the market price of our common stock may decline. In addition, the availability of shares of common stock for award under our equity incentive plan, or the grant of stock options, restricted stock or other forms of stock-based compensation, may adversely affect the market price of our common stock.

***We have no present intention to pay dividends on our common stock.***

We have no present intention to pay dividends on our common stock. Any determination to pay dividends to holders of our common stock will be at the discretion of our board of directors and will depend upon many factors, including our financial condition, results of operations, projections, liquidity, earnings, legal requirements, restrictions in our credit facility and agreements governing any other indebtedness we may enter into and other factors that our board of directors deems relevant. Accordingly, holders of our common stock may need to sell their shares to realize a return on their investment, and may not be able to sell their shares at or above the price paid for them.

***Our ability to raise capital in the future may be limited.***

Our business and operations may consume resources faster than we anticipate. In the future, we may need to raise additional funds through the issuance of new equity securities, debt or a combination of both. However, any sale or perception of a possible sale by Lone Star, and any related decline in the market price of our common stock, could impair our ability to raise capital. Separately, additional financing may not be available on favorable terms, or at all. If adequate funds are not available on acceptable terms, we may be unable to fund our capital requirements. If we issue new debt securities, the debt holders would have rights senior to common stockholders to make claims on our assets, and the terms of any debt could restrict our operations, including our ability to pay dividends on our common stock. If we issue additional equity securities, existing stockholders will experience dilution, and the new equity securities could have rights senior to those of our common stock. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, our stockholders bear the risk of our future securities offerings reducing the market price of our common stock and diluting their interest.

***We are a holding company and depend on the cash flow of our subsidiaries.***

We are a holding company with no material assets other than the equity interests of our subsidiaries. Our subsidiaries conduct substantially all of our operations and own substantially all of our assets and intellectual property. Consequently, our cash flow and our ability to meet our obligations and pay any future dividends to our stockholders depends upon the cash flow of our subsidiaries and their ability to make payments, directly or indirectly, to us in the form of dividends, distributions and other payments. Any inability on the part of our subsidiaries to make payments to us could have a material adverse effect on our business, financial condition and results of operations.

***Provisions of our amended and restated governing documents, Delaware law and other documents could discourage, delay or prevent a merger or acquisition at a premium price.***

Provisions in our amended and restated certificate of incorporation and amended and restated bylaws may have the effect of delaying or preventing a change of control or changes in our management. For example, our amended and restated certificate of incorporation and amended and restated bylaws include provisions that:

- permit us to issue, without stockholder approval, preferred stock in one or more series and, with respect to each series, fix the number of shares constituting the series and the designation of the series, the voting powers, if any, of the shares of the series and the preferences and other special rights, if any, and any qualifications, limitations or restrictions, of the shares of the series;
- prevent stockholders from calling special meetings;
- restrict the ability of stockholders to act by written consent after such time as Lone Star owns less than a majority of our common stock;
- limit the ability of stockholders to amend our certificate of incorporation and bylaws;
- require advance notice for nominations for election to the board of directors and for stockholder proposals;
- do not permit cumulative voting in the election of our directors, which means that the holders of a majority of our common stock may elect all of the directors standing for election; and
- establish a classified board of directors with staggered three-year terms.

These provisions may discourage, delay or prevent a merger or acquisition of our company, including a transaction in which the acquirer may offer a premium price for our common stock.

***Our amended and restated certificate of incorporation includes an exclusive forum clause, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us.***

Our amended and restated certificate of incorporation provides that, unless we consent in writing to the selection of an alternative forum, the sole and exclusive forum for any stockholder (including any beneficial owner) to bring (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, or employees to us or to our stockholders, (iii) any action asserting a claim arising pursuant to any provision of the DGCL, or our certificate of incorporation or bylaws, or (iv) any action asserting a claim governed by the internal affairs doctrine, will be a state court located within the State of Delaware (or, if no state court located within the State of Delaware has jurisdiction, the federal district court for the District of Delaware); in all cases subject to such court having personal jurisdiction over the indispensable parties named as defendants. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock is deemed to have notice of and consented to the foregoing provisions. The exclusive forum clause may limit our stockholders' ability to obtain a favorable judicial forum for disputes with us. It is also possible that, notwithstanding such exclusive forum clause, a court could rule that such a provision is inapplicable or unenforceable.

***We incur increased costs and obligations as a result of being a publicly-traded company.***

As a company with publicly-traded securities, we are subject to the requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act, the Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, Nasdaq listing requirements and other applicable securities rules and regulations. These rules and regulations require that we maintain controls and procedures and disclosure, corporate governance and other practices, thereby significantly increasing our legal, financial and other compliance costs as compared to when we were a private company.  These obligations also make other aspects of our business more difficult, time-consuming or costly and increase demand on our personnel, systems and other resources. For example, to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, we will need to continue to commit significant resources, hire additional staff and provide additional management oversight. Furthermore, as a result of disclosure of information in our Exchange Act and other filings required of a public company, our business and financial condition has become more visible, which we believe may give some of our competitors who may not be similarly required to disclose this type of information a competitive advantage. In addition to these added costs and burdens, if we are unable to satisfy our obligations as a public company, we could be subject to delisting of our common stock, fines, sanctions, other regulatory actions and civil litigation, any of which could negatively affect the price of our common stock.

Our minimal public company operating experience may make it difficult to forecast and evaluate our future prospects. If we are unable to execute our business strategy, either as a result of our inability to effectively manage our business in a public company environment or for any other reason, our business, prospects, financial condition and results of operations may be harmed, which could cause our stock price to decline.

## PART II

### Item 9A. Controls and Procedures

### Evaluation of Disclosure Controls and Procedures

As required by Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended, or the Exchange Act, our management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Exchange Act) as of December 31, 2017.

Based on the evaluation referenced above, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective at the reasonable assurance level as of December 31, 2017 because of the material weaknesses discussed below under “Management’s Report on Internal Control over Financial Reporting.”

### Management’s Report on Internal Control over Financial Reporting

Our management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act.

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP. Internal control over financial reporting includes policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company’s assets that could have a material effect on the financial statements.

Management assessed the Company's internal control over financial reporting as of December 31, 2017 using the criteria for effective internal control over financial reporting established in “Internal Control - Integrated Framework” issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework). Based on this assessment and the material weaknesses identified below, management concluded that as of December 31, 2017, the Company did not maintain effective internal control over financial reporting.

Management identified the following three material weaknesses as of December 31, 2017:

A material weakness related to the aggregation of control deficiencies over the inventory process, primarily related to the ineffective design and operating effectiveness of controls over physical inventory counts, processes to validate inputs used in the calculation of excess and obsolete inventory reserves, and control activities related to the periodic review of standard cost variances and related adjustments of inventories to actual costs.

A material weakness related to the aggregation of control deficiencies over the revenue recognition process, primarily related to the ineffective design and operating effectiveness of controls over the verification of physical shipments and internal validation of customer approvals of sales order terms prior to recognizing revenue.

A material weakness related to the aggregation of control deficiencies over the Company's IT systems. Specifically, the Company did not maintain effective controls over user access to IT systems and changes to IT programs and data and, as a result, the effective functioning of certain process-level automated and IT-dependent controls could have been affected.

Ernst & Young LLP, our independent registered public accounting firm that audited the consolidated financial statements included in the Original 10-K, also audited the effectiveness of the Company's internal control over financial reporting as of December 31, 2017, as stated in their report included in this Amendment.

**Changes in Internal Control over Financial Reporting**

Other than the *Remediation of Previously Reported Material Weaknesses* actions described below with respect to the material weaknesses regarding the aggregation of control deficiencies over the inventory process and the revenue recognition process, there were no changes in our internal control over financial reporting during the quarter ended December 31, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**Remediation Considerations related to Material Weaknesses**

*Remediation of previously reported material weaknesses*

Prior to the Company's assessment of internal control over financial reporting as of December 31, 2017 described in "Management's Report on Internal Control Over Financing Reporting" above, the Company disclosed in annual and quarterly reports the existence of the following material weaknesses in our internal control over financial reporting:

Material weaknesses with respect to ineffective controls over the design and operating effectiveness of (1) inventory controls, including the aggregation of control deficiencies related to physical inventory counts, the evaluation of reserves for excess inventories, the periodic review of manufacturing labor and overhead variances, and standard cost procedures; (2) controls over bill and hold revenue transactions, including control deficiencies related to procedures to identify all bill and hold arrangements and sufficiently evaluate the accounting criteria prior to revenue recognition; and (3) controls related to the accounting for cost accruals, including control deficiencies related to the Company's lack of timely identification and processing of invoices during the financial statement close process to ensure cost accruals are complete.

As of December 31, 2017, we have remediated the material weakness related to the controls over accounting for cost accruals. With respect to bill and hold revenue transactions, our current policies do not allow the recognition of bill and hold revenue. However, as further discussed above under "Management's Report on Internal Control over Financial Reporting," unremediated material weaknesses related to (i) inventory process, (ii) revenue process and (iii) IT systems existed as of December 31, 2017.

*Remediation plans for current material weaknesses*

With respect to the material weaknesses related to the inventory and revenue recognition processes, management is actively engaged in planning our remediation efforts to address the material weaknesses identified. In this regard, our remediation plans include the implementation of additional processes and controls designed to address the underlying causes of the material weaknesses, primarily through the hiring of additional accounting personnel to perform controls and validate inputs used in control performances, the enhancement of our training programs at the plant level regarding physical inventory counts and delivery verifications, and the enhancement of our internal review and validation procedures of customer approvals of sales order terms.

With respect to the material weakness related to IT systems, management is taking a number of actions, including, but not limited to, the following:

- Establishing a more rigorous review process over the evaluation of user access to IT systems, including preventative reviews prior to any changes to user access and periodic reviews of all user access.
- Improving the structure and governance surrounding controls over IT systems.
- Implementing enhanced review procedures and analysis over the segregation of duties in IT systems.
- Revising policies on the documentation of IT systems control performance and the retention of that documentation.
- Replacing certain IT systems that have inherent control limitations.

We believe these remediation actions will strengthen our internal control over financial reporting, but there can be no assurance that we will not conclude that additional measures are required to remediate the material weaknesses identified above as we test and evaluate the effectiveness of our remediation, which may necessitate additional implementation and evaluation time.

**Inherent Limitations on Effectiveness of Controls**

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or our system of internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well designed or operated, can provide only reasonable, but not absolute, assurance that the objectives of the system of internal control are met. The design of our control system reflects the fact that there are resource constraints, and that the benefits of such control system must be considered relative to their costs. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control failures and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the intentional acts of individuals, by collusion of two or more people, or by management override of the controls. The design of any system of controls is also based in part on certain assumptions about the likelihood of future events, and there can be no assurance that the design of any particular control will always succeed in achieving its objective under all potential future conditions.

## Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Forterra, Inc.

**Opinion on Internal Control over Financial Reporting**
We have audited Forterra, Inc.'s internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, because of the effect of the material weaknesses described below on the achievement of the objectives of the control criteria, Forterra, Inc. (the Company) has not maintained effective internal control over financial reporting as of December 31, 2017, based on the COSO criteria.

In our report dated March 7, 2018, because of the effect of the first two material weaknesses described in (i) and (ii) below, we expressed an adverse opinion that the Company had not maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on the COSO criteria. Management has subsequently identified additional deficiencies in controls over information technology ("IT") systems and has further concluded that the aggregation of such deficiencies represented a material weakness as of December 31, 2017. Specifically, the Company did not maintain effective controls over user access to IT systems and changes to IT programs and data and, as a result, the effective functioning of certain process-level automated and IT-dependent controls could have been affected. As a result, management has updated its assessment, as presented in the accompanying Management's Report on Internal Control over Financial Reporting to include the additional identified material weakness. Management's assessment has not changed the Company's conclusion that the Company has not maintained effective internal control over financial reporting as of December 31, 2017. Accordingly, our opinion on the effectiveness of the Company's internal control over financial reporting as of December 31, 2017, as expressed herein, has not changed from that expressed in our previous report.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weaknesses have been identified and included in management's assessment. Management has identified material weaknesses in controls related to the Company's (i) inventory process, (ii) revenue recognition process and (iii) controls over user access to IT systems and changes to IT programs and data.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of Forterra, Inc. (the Successor) as of December 31, 2017 and 2016, and the related consolidated statements of operations, comprehensive income (loss), shareholders' equity and cash flows for the each of the two years in the period ended December 31, 2017 and for the period from March 14, 2015 to December 31, 2015, and the related notes. We have also audited the accompanying combined statements of operations, comprehensive loss, parent company net investment, and cash flows of the North American building products operations of HeidelbergCement AG (the Predecessor) for the period from January 1, 2015 to March 13, 2015, and the related notes. The material weaknesses were considered in determining the nature, timing and extent of audit tests applied in our audit of the 2017 consolidated financial statements, and this report does not affect our report dated March 7, 2018 which expressed an unqualified opinion thereon.

**Basis for Opinion**
The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

**Definition and Limitations of Internal Control over Financial Reporting**
A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Dallas, Texas
March 7, 2018, except for the effect of the additional material
weakness described in the second and third paragraphs above,
as to which the date is December 20, 2018

## PART IV

### Item 15. Exhibits and Financial Statement Schedules

| Exhibit No. | Description of Exhibit | |
|---|---|---|
| 2.1+ | Purchase Agreement, dated as of December 23, 2014, by and between HBMA Holdings LLC, Structherm Holdings Limited, Hanson America Holdings (4) Limited, Hanson Packed Products Limited and LSF9 Stardust Holdings LLC, and, solely for the purposes of Section 9.08 and Article IX thereto, HeidelbergCement AG. | (a) |
| 2.2 | Amendment No. 1 to the Purchase Agreement, dated as of January 21, 2015, by and between HBMA Holdings LLC, Structherm Holdings Limited, Hanson America Holdings (4) Limited, Hanson Packed Products Limited and LSF9 Stardust Holdings LLC. | (a) |
| 2.3 | Assignment and Amendment to the Purchase Agreement, dated as of March 13, 2015, by and between LSF9 Stardust Holdings LLC and LSF9 Concrete Ltd, and solely for the purposes of Article III thereto, HBMA Holdings LLC, Structherm Holdings Limited, Hanson America Holdings (4) Limited, Hanson Packed Products Limited, Stardust Acquisition I Company, LLC, Stardust Acquisition II Company, LLC, LSF9 Concrete UK Ltd, Stardust Canada Acquisition I Ltd And Stardust Canada Acquisition II Ltd. | (a) |
| 2.4+ | Stock Purchase Agreement, dated as of August 20, 2015, by and among HBP Pipe & Precast LLC, Cretex Companies, Inc. and Cretex Concrete Products, Inc. | (a) |
| 2.5+ | Purchase Agreement, dated as of January 29, 2016, by and among Forterra Pipe & Precast, LLC, Sherman-Dixie Concrete Industries, Inc., the shareholders named therein, and PKD Partnership. | (a) |
| 2.6+ | Stock Purchase Agreement, dated as of February 12, 2016, by and among Forterra Pipe & Precast, LLC, USP Holdings Inc., the stockholders and optionholders of USP Holdings Inc. named therein, and Alabama Seller Rep Inc. | (a) |
| 3.1 | Amended and Restated Certificate of Incorporation of the Registrant. | (d) |
| 3.2 | Amended and Restated Bylaws of the Registrant. | (b) |
| 4.1 | Registration Rights Agreement dated as of October 19, 2016 between Forterra, Inc. and LSF9 Concrete Mid-Holdings Ltd. | (b) |
| 4.2 | Form of Certificate of Common Stock of the Registrant. | (e) |
| 10.1 | Senior Lien Term Loan Credit Agreement dated as of March 13, 2015, by and among LSF9 Concrete Ltd, LSF9 Concrete Holdings Ltd, Stardust Finance Holdings, Inc., as borrower, the lenders party thereto, and Credit Suisse AG as administrative agent. | (a) |
| 10.2 | First Incremental Facility Amendment to the Senior Lien Term Loan Credit Agreement, dated as of October 1, 2015, by and among LSF9 Concrete Ltd, LSF9 Concrete Holdings Ltd, Stardust Finance Holdings, Inc., the guarantors party thereto, the lenders party thereto, and Credit Suisse AG as administrative agent. | (a) |
| 10.3 | Second Incremental Facility Amendment to the Senior Lien Term Loan Credit Agreement, dated as of June 17, 2016, by and among LSF9 Concrete Ltd, LSF9 Concrete Holdings Ltd, Stardust Finance Holdings, Inc., the guarantors party thereto, the lenders party thereto, and Credit Suisse AG as administrative agent. | (a) |

| | | |
|---|---|---|
| 10.4 | Junior Lien Term Loan Credit Agreement dated as of March 13, 2015, by and among LSF9 Concrete Ltd, LSF9 Concrete Holdings Ltd, Stardust Finance Holdings, Inc., as borrower, the lenders party thereto, and Credit Suisse AG as administrative agent. | (a) |
| 10.5 | ABL Credit Agreement dated as of March 13, 2015, by and among LSF9 Concrete Ltd, LSF9 Concrete Holdings Ltd, Stardust Finance Holdings, Inc., as initial borrower, the additional revolving borrowers party thereto, the lenders party thereto, Credit Suisse AG as administrative agent, and Bank of America, N.A. as collateral agent. | (a) |
| 10.6 | First Amendment to ABL Credit Agreement, dated as of April 1, 2015, by and among LSF9 Concrete Holdings Ltd, Stardust Finance Holdings, Inc., the additional revolving borrowers party thereto, the guarantors party thereto, the lenders party thereto and Credit Suisse AG as administrative agent. | (a) |
| 10.7 | Incremental Facility Amendment to ABL Credit Agreement, dated as of November 10, 2015, by and among LSF9 Concrete Ltd, LSF9 Concrete Holdings Ltd, Stardust Finance Holdings, Inc., the additional revolving borrowers party thereto, the guarantors party thereto, the lenders party thereto, Credit Suisse AG, Cayman Islands Branch, as administrative agent, and Bank of America, N.A. as collateral agent. | (a) |
| 10.8 | Second Amendment and Consent to ABL Credit Agreement, dated as of April 13, 2016, by and among LSF9 Concrete Ltd, LSF9 Concrete Holdings Ltd, Stardust Finance Holdings, Inc., the additional revolving borrowers party thereto, the guarantors party thereto, the lenders party thereto, and Bank of America, N.A. as collateral agent and administrative agent. | (a) |
| 10.9 | Master Land and Building Lease, dated April 5, 2016, by and among Forterra Pipe & Precast, LLC, Forterra Pressure Pipe, Inc., Forterra Concrete Products, Inc. and Forterra Concrete Industries, Inc., as Tenant, and Pipe Portfolio Owner (MULTI) LP, as Landlord. | (b) |
| 10.10 | First Amendment to Master Land and Building Lease, dated April 14, 2016 by and among Forterra Pipe & Precast, LLC, Forterra Pressure Pipe, Inc., Forterra Concrete Products, Inc., Forterra Concrete Industries, Inc. and Pipe Portfolio Owner (MULTI) LP. | (b) |
| 10.11 | Master Land and Building Lease, dated April 5, 2016, by and among, Forterra Pipe & Precast, Ltd., Forterra Pressure Pipe, Inc., and Forterra Pipe & Precast Quebec, Ltd., as Tenant, and FORT-NOM Holdings (ONQC) LTD., as Landlord. | (b) |
| 10.12 | Amended and Restated Limited Liability Company Agreement of Concrete Pipe & Precast, LLC, dated as of August 3, 2012, by and among Concrete Pipe & Precast, LLC, Americast, Inc. and Hanson Pipe & Precast LLC. | (a) |
| 10.13 | Form of Tax Receivable Agreement. | (e) |
| 10.14 | Form of Indemnification Agreement for executive officers and directors. | (b) |
| 10.15# | Employment Agreement between HBP Pipe and Precast LLC and Jeff Bradley dated as of July 8, 2015. | (a) |
| 10.16# | Amended and Restated Employment Agreement between Forterra Pipe & Precast, LLC and William Matthew Brown dated as of June 28, 2016. | (a) |
| 10.17# | LSF9 Concrete Holdings Ltd. Long Term Incentive Plan (with form of award agreement). | (a) |
| 10.18# | Notice regarding LSF9 Concrete Holdings Ltd. Long Term Incentive Plan dated December 14, 2016. | (h) |
| 10.19# | Forterra, Inc. 2016 Stock Incentive Plan. | (g) |
| 10.20# | Form of Grant Notice for 2016 Stock Incentive Plan Nonqualified Stock Options Award. | (c) |

| | | |
|---|---|---|
| 10.21# | Form of Grant Notice for 2016 Stock Incentive Plan Incentive Stock Options Award. | (c) |
| 10.22# | Form of Grant Notice for 2016 Stock Incentive Plan Restricted Stock Award. | (c) |
| 10.23# | Form of Grant Notice for 2016 Stock Incentive Plan Restricted Stock Unit Award. | (c) |
| 10.24# | Form of Grant Notice for 2016 Stock Incentive Plan Performance Restricted Stock Unit Award. | (c) |
| 10.25 | Senior Lien Term Loan Credit Agreement dated October 25, 2016 by and among Forterra, Inc., Forterra Finance, LLC, as borrower, the lenders party thereto and Credit Suisse AG, Cayman Islands Branch, as administrative agent. | (f) |
| 10.26 | ABL Credit Agreement dated October 25, 2016 by and among Forterra, Inc. and certain of its subsidiaries, as borrowers, the lenders party thereto and Bank of America, N.A., as agent. | (f) |
| 10.27 | First Amendment to Senior Lien Term Loan Credit Agreement dated May 1, 2017 by and among Forterra, Inc., Forterra Finance, LLC, as borrower, the lenders party thereto and Credit Suisse AG, Cayman Islands Branch, as administrative agent. | (i) |
| 10.28# | Employment Agreement, dated as of September 6, 2017 by and between the Company and Charlie Brown. | (j) |
| 10.29# | Employment Agreement, dated as of December 18, 2017 by and between the Company and Mark Carpenter. | (k) |
| 10.30# | Employment Agreement, dated as of December 18, 2017 by and between the Company and Lori Browne. | (k) |
| 21.1 | Subsidiaries of the Registrant. | (l) |
| 23.1 | Consent of Ernst & Young LLP. | */(l) |
| 23.2 | Consent of Moss Adams LLP. | (l) |
| 23.3 | Consent of Hein & Associates LLP. | (l) |
| 31.1 | Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. | * |
| 31.2 | Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. | * |
| 32.1 | Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. | ^ |
| 99.1 | Financial Statements of Concrete Pipe & Precast, LLC as of December 31, 2017 and 2016 and for the years ended December 31, 2017, 2016 and 2015. | (l) |
| 101.INS | XBRL Instance Document. | (l) |
| 101.SCH | XBRL Taxonomy Extension Schema Document. | (l) |
| 101.CAL | XBRL Taxonomy Calculation Linkbase Document. | (l) |
| 101.DEF | XBRL Taxonomy Definition Linkbase Document. | (l) |

| | | |
|---|---|---|
| 101.LAB | XBRL Taxonomy Label Linkbase Document. | (l) |
| 101.PRE | XBRL Taxonomy Presentation Linkbase Document. | (l) |

---

| | |
|---|---|
| * | Filed herewith |
| # | Denotes management compensatory plan or arrangement |
| + | Certain schedules to this agreement have been omitted in accordance with Item 601(b)(2) of Regulation S-K. A copy of any omitted schedules will be furnished supplementally to the SEC upon request. |
| ^ | Exhibit 32.1 shall not be deemed filed with the SEC, nor shall it be deemed incorporated by reference in any filing with the SEC under the Exchange Act or the Securities Act of 1933, as amended, whether made before or after the date hereof and irrespective of any general incorporation language in any filings. |
| (a) | Previously filed on July 8, 2016 as an exhibit to the Company's Registration Statement on Form S-1 (File No. 333-212449) and incorporated herein by reference. |
| (b) | Previously filed on August 15, 2016 as an exhibit to Amendment No. 1 to the Company's Registration Statement on Form S-1 (File No. 333-212449) and incorporated herein by reference. |
| (c) | Previously filed on September 8, 2016 as an exhibit to Amendment No. 2 to the Company's Registration Statement on Form S-1 (File No. 333-212449) and incorporated herein by reference. |
| (d) | Previously filed on October 7, 2016 as an exhibit to Amendment No. 4 to the Company's Registration Statement on Form S-1 (File No. 333-212449) and incorporated herein by reference. |
| (e) | Previously filed on October 17, 2016 as an exhibit to Amendment No. 5 to the Company's Registration Statement on Form S-1 (File No. 333-212449) and incorporated herein by reference. |
| (f) | Previously filed on November 11, 2016 as an exhibit to the Company's Current Report on Form 8-K/A and incorporated herein by reference. |
| (g) | Previously filed on January 10, 2017 as an exhibit to the Company's Registration Statement on Form S-8 (File No. 333-215504) and incorporated herein by reference. |
| (h) | Previously filed on March 31, 2017 as an exhibit to the Company Annual Report on Form 10-K for the fiscal year ended December 31, 2017 and incorporated herein by reference. |
| (i) | Previously filed on May 15, 2017 as an exhibit to the Company Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2017 and incorporated herein by reference. |
| (j) | Previously filed on September 7, 2017 as an exhibit to the Company's Current Report on Form 8-K and incorporated herein by reference. |
| (k) | Previously filed on December 20, 2017 as an exhibit to the Company's Current Report on Form 8-K and incorporated herein by reference. |
| (l) | Previously filed on March 7, 2018 as an exhibit to the Company's Annual Report on Form 10-K and incorporated herein by reference. |

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**FORTERRA, INC.**
(Registrant)

| | |
|---|---|
| /s/ Jeff Bradley | December 20, 2018 |
| By: Jeff Bradley<br>President and Chief Executive Officer<br>(Principal Executive Officer) | |
| /s/ Charles R. Brown, II | December 20, 2018 |
| By: Charles R. Brown, II<br>Executive Vice President and Chief Financial Officer<br>(Principal Financial Officer) | |

EXHIBIT 23.1

## Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 333-215504) pertaining to the 2016 Stock Incentive Plan of Forterra, Inc. of our report dated March 7, 2018 (except for the effect of the additional material weakness described in the second and third paragraphs, as to which date is December 20, 2018), with respect to the effectiveness of internal control over financial reporting of Forterra, Inc., included in this Annual Report (Form 10-K/A) of Forterra, Inc. for the year ended December 31, 2017.

/s/ Ernst & Young LLP

Dallas, Texas
December 20, 2018

**EXHIBIT 31.1**

**SECTION 302 CERTIFICATION**

I, Jeff Bradley, certify that:

1. I have reviewed this Annual Report on Form 10-K/A for the fiscal year ended December 31, 2017 of Forterra, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 20, 2018

/s/ Jeff Bradley
Jeff Bradley
*President and Chief Executive Officer*

**EXHIBIT 31.2**

**SECTION 302 CERTIFICATION**

I, Charles R. Brown II, certify that:

1. I have reviewed this Annual Report on Form 10-K/A for the fiscal year ended December 31, 2017 of Forterra, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 20, 2018

/s/ Charles R. Brown, II

Charles R. Brown, II

*Executive Vice President and Chief Financial Officer*

**Exhibit 32.1**

**CERTIFICATION**
**Pursuant to 18 U.S.C. Section 1350**
**Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report on Form 10-K/A for the fiscal year ended December 31, 2017 of Forterra, Inc. (the “Company”) as filed with the U.S. Securities and Exchange Commission on the date hereof (the “Report”), and pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned officers of the Company certifies to his knowledge that:

- the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

| | | |
|---|---|---|
| Date: | December 20, 2018 | /s/ Jeff Bradley |
| | | Jeff Bradley |
| | | *President and Chief Executive Officer* |

| | | |
|---|---|---|
| Date: | December 20, 2018 | /s/ Charles R. Brown, II |
| | | Charles R. Brown, II |
| | | *Executive Vice President and Chief Financial Officer* |

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.