



Beacon

***Investor Presentation
2019 First Quarter***

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STRONG ROOFING CORE & NEW OPPORTUNITIES



PRODUCT DIVERSIFICATION

- ▶ Roofing remains our core
- ▶ Large growth potential in legacy exterior complementary
- ▶ New verticals emerging within insulation, waterproofing and solar
- ▶ Interiors has solid growth foundation

DIVERSE CUSTOMER CHANNELS

- ▶ Core roofing contractors
- ▶ Exteriors contracting trades
- ▶ Lumberyards/dealers
- ▶ Solar installers
- ▶ Specialty trade contractors
- ▶ Homebuilders

NEW SALES PLATFORM - DIGITAL

- ▶ Compliments brick and mortar
- ▶ 24/7 catalog
- ▶ Embedded estimating
- ▶ Contractor productivity gains
- ▶ Distribution optimization

Great Industry and We Are The Innovation Leader

ESTABLISHED TRACK RECORD



A leader in key metropolitan markets

- **544** branches in 50 US states and 6 Canadian provinces*
- **100,000+** customers with a broad product offering up to **90,000** SKU's
- Repair & Remodel fuels market demand (~**70-75%**)



Strong long-term historical performance

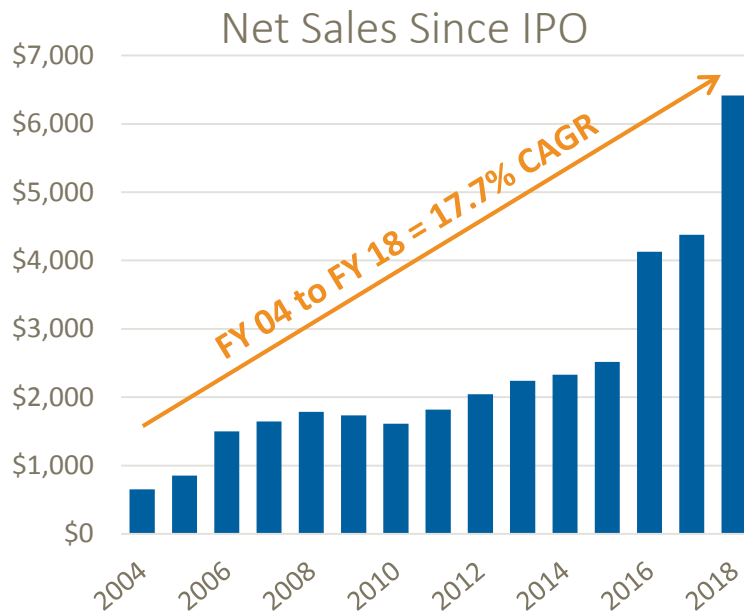
- Sales CAGR = **17.7%**
- Adjusted EBITDA CAGR = **17.3%**
- Adjusted EBITDA Margin Average = **7.6%**



Rapid growth since 2004 IPO

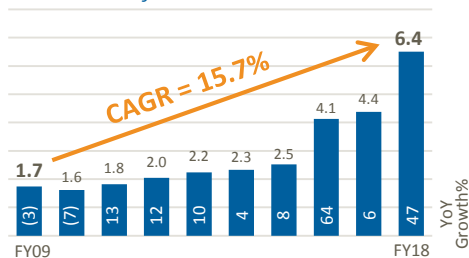
- Opened **83** new greenfield locations
- Completed **46** acquisitions

*Branch numbers as of December 31, 2018

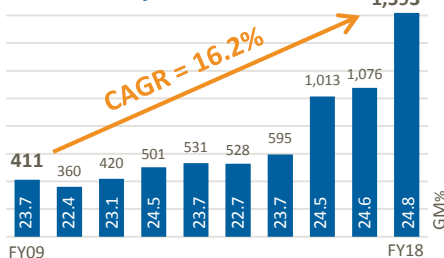


HISTORY OF PERFORMANCE

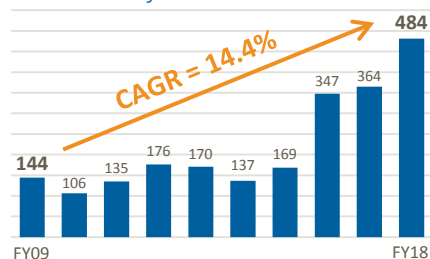
SALES GROWTH
in billions of dollars



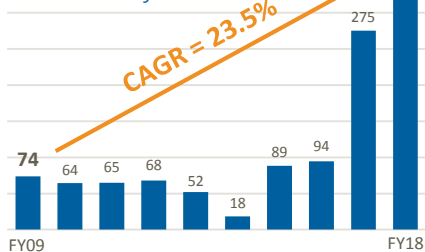
GROSS MARGIN
in millions of dollars



ADJUSTED EBITDA
in millions of dollars



FREE CASH FLOW
in millions of dollars

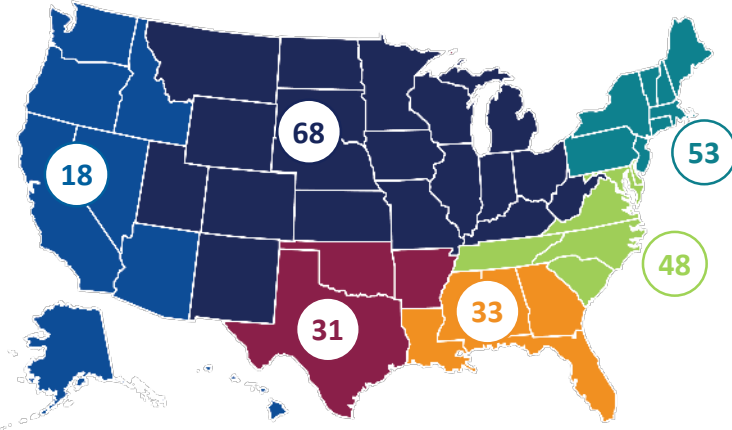


10-YEARS

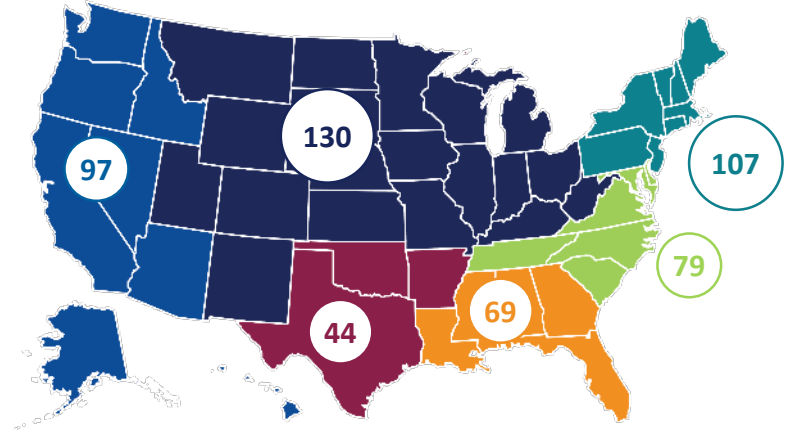
- ✓ Sales CAGR of **15.7%**
- ✓ Gross Margin CAGR of **16.2%**
- ✓ Adjusted EBITDA CAGR of **14.4%**
- ✓ FCF CAGR of **23.5%**

FY2016-2018 | BEACON'S TRANSFORMATION

PRE-RSG BRANCH COUNT



FYE2018 BRANCH COUNT



- ▶ Revenue from **\$2.5B to \$7B+**
- ▶ **16 Acquisitions** including RSG and Allied
- ▶ Market Share **~9% to ~20%**
- ▶ Combined RSG + Allied Synergies: **\$175M+**
- ▶ EBITDA Margin Profile **Raised 200-300 bps***
- ▶ Consolidation **Boosting Health** of Industry
- ▶ **Digital Platform** Launch
- ▶ Introduction and Buildout of **Private Label**
- ▶ Established Multiple **Product Platforms**
- ▶ Larger Size Raises Returns on **Growth Initiatives**

**Based on combined Allied & RSG synergies on pro forma revenue base of ~\$7B*

BUILDING BLOCKS OF GROWTH

Source: Company Estimates

Proven Execution to Continue



Delivering share gains through investments in proven and new market growth drivers
Outperform market by 2-4%

46 Acquisitions since IPO
Continued acquisition evaluation for strategic fit

Stable R&R (**~70-75% of Sales**),
Favorable Economy

REPAIR & REMODEL LEADS THE WAY

- ▶ Repair and remodel (R&R) market remains the key driver to Beacon demand
- ▶ Exteriors business is ~75-80% driven by R&R activity, while interiors is at ~50%
- ▶ Commercial re-roofing represents more predictable R&R activity with limited deferrals

COMBINED BEACON + ALLIED EXPOSURE	%R&R
Residential Roofing	~80%
Commercial Roofing	~80%
Complementary Products	
Exteriors	~60%
Interiors	~50%
Total Company	~70-75%

Source: Company Estimates

LARGE STABLE MARKETS

Source: Company Estimates



ROOFING PRODUCTS

- Estimated market size of \$26 billion
- ~20% current share; 2nd largest distributor
- Beacon is a leading consolidator
- Pro-forma sales of \$4.7 billion



EXTERIOR COMPLEMENTARY

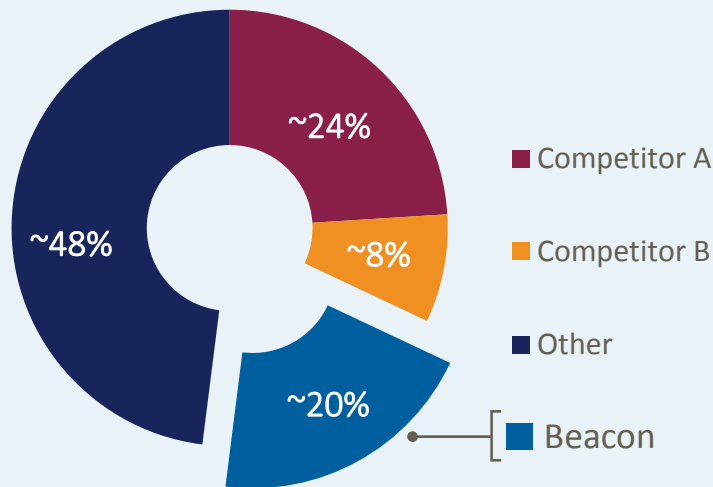
- Estimated market size over \$30 billion
- Fragmented with diverse markets and channels to customers
- Pro-forma sales of \$1.4 billion



INTERIOR PRODUCTS

- Estimated market size of greater than \$15B
- 4th largest, but a leader in served geographies
- Pro-forma sales of \$1.0 billion

Roofing Products Market Share



DIGITAL – A DIFFERENTIATOR FOR CUSTOMERS

BEACON PRO+ ONLINE ACCOUNT ACCESS

- ✓ 24/7 Access
- ✓ Time Savings / Efficiency
- ✓ Improved Order Accuracy
- ✓ Quick, Easy & Paperless

BEACON 3D+

- ✓ Higher Close Rates
- ✓ Decreased Estimating & Material List Build Time
- ✓ Increased Average Revenue Per Job
- ✓ Higher Number of Estimates Per Day

DELIVERY TRACKING

- ✓ Advance Notice of Scheduled Delivery
- ✓ Real-Time Photos of Delivered Materials
- ✓ Less Time Waiting, More Time Working
- ✓ Manage Multiple Orders Simultaneously

PRIVATE LABEL EXPANSION

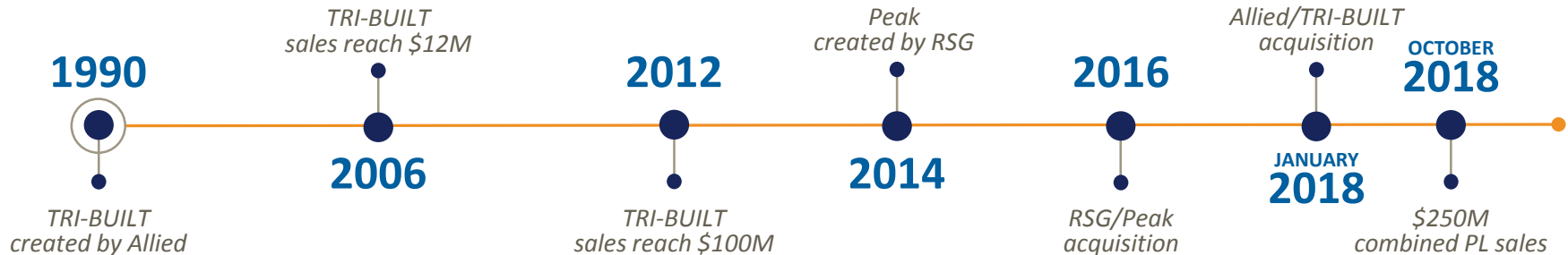
2,500+
SKUs

30+ PRODUCT
CATEGORIES

50% CUSTOMERS
BUY PRIVATE LABEL

TARGET \$500M
REVENUE BY 2021

WILL ACHIEVE SALES AND MARGIN GROWTH BY DRIVING CUSTOMER ADOPTION



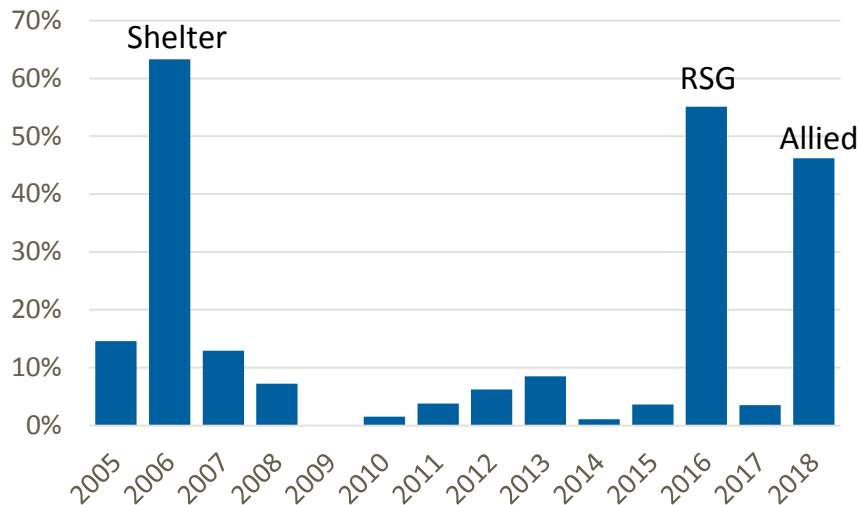
EMERGING COMPLEMENTARY PRODUCTS PLATFORMS

	INTERIORS	WATERPROOFING	SOLAR	INSULATION
KEY ACQUISITIONS	Allied	Atlas Lowry's ProCoat	Allied	RIS EIS
ADDRESSABLE MARKET	\$15+ Billion	\$4-5 Billion	~\$3 Billion	\$2 Billion
MARKET SHARE	~6-7%	~8%	~3%	~6%
ATTRACTIVE MARKET CHARACTERISTICS	<ul style="list-style-type: none"> ▶ Product Expansion ▶ Consolidating Market ▶ Shared Dynamics with Roofing 	<ul style="list-style-type: none"> ▶ Sales Synergies w/ Non-Res Roofing ▶ Strong West Coast Presence ▶ Product Expansion 	<ul style="list-style-type: none"> ▶ Renewable Energy Theme ▶ Overlapping Customers ▶ Synergies with Residential Roofing 	<ul style="list-style-type: none"> ▶ Energy Code Changes ▶ Geographic Expansion ▶ Commercial Opportunity

Source: Company Estimates

SUCCESSFUL ACQUISITION CULTURE

Acquired Contribution To Annual Sales Growth*



*Change in current year acquired sales divided by total sales



Acquisition Efforts

- 46 Acquisitions Since IPO
- Attractive Valuation Multiples
- Proven Integration Track Record and Synergy Realization
- Substantial Growth in Market Share and Driver of Industry Consolidation



Strategic Acquisition Types

- New/Emerging Product Platforms
- Strengthen Geographic Presence
- Localized Infill Opportunities
- Greenfield Driver
- Mega-Acquisitions

REGIONAL SERVICE AREA (RSA)

Overview

- ▶ Market-based P&Ls
- ▶ Coordinated fleet management / dispatch
- ▶ Geographic alignment of sales force
- ▶ Centralized hub with inventory concentration
- ▶ Relocations improving proximity to customers



Customers Benefit

- ▶ Improved delivery timetables
- ▶ Inventory availability
- ▶ Improved branch interactions
- ▶ Consistent end-to-end customer experience

Beacon Benefits

- ▶ Enhances sales growth
- ▶ Improves operating cost leverage, reduces working capital and lowers capex requests
- ▶ Better leverage of size/scale; local market competitive advantage

DETAILED OBJECTIVES SUPPORTING GOALS

	FINANCIAL STATEMENT MEASURE	LONG-TERM TARGETS
BALANCE SHEET	SALES	<ul style="list-style-type: none"> • up low-mid Single Digits • 200-400 bps above market • up 5 - 10%
	EBITDA	<ul style="list-style-type: none"> • 26 - 27% • 16 - 17% • 9 - 11%
		<ul style="list-style-type: none"> • < 1.0% • ≤ 3.0x

BEACON SUMMARY

STRONG INVESTMENT THESIS

- ▶ Attractive industry with Beacon the innovation leader
- ▶ High R&R exposure with relatively low discretion
- ▶ Substantial industry consolidation
- ▶ Strong management team and Board
- ▶ Multi-Channel approach in early stages
- ▶ Multiple specialty building products platforms
- ▶ Focused on cost leverage and efficiency gains

SOLID FINANCIAL PERFORMANCE

- ▶ Long-term sales growth of 18% since IPO
- ▶ Above market organic growth history and outlook
- ▶ Synergy realization upside (RSG, Allied)
- ▶ 9-11% EBITDA target range
- ▶ Sustainable high levels of free cash flow generation
- ▶ Planned debt/EBITDA reduction to below 3x