Beacon Roofing Supply

2018 First Quarter Earnings Call

February 8, 2018

Forward Looking Statements / Non-GAAP Measures

This presentation contains information about management's view of the Company's future expectations, plans and prospects that constitute forward-looking statements for purposes of the safe harbor provisions under the Private Securities Litigation Reform Act of 1995. Actual results may differ materially from those indicated by such forward-looking statements as a result of various important factors, including, but not limited to, those set forth in the "Risk Factors" section of the Company's latest Form 10-K. In addition, the forward-looking statements included in this presentation represent the Company's views as of the date of this presentation and these views could change. However, while the Company may elect to update these forward-looking statements at some point, the Company specifically disclaims any obligation to do so, other than as required by federal securities laws. These forward-looking statements should not be relied upon as representing the Company's views as of any date subsequent to the date of this presentation.

This presentation contains references to certain financial measures that are not presented in accordance with Generally Accepted Accounting Principles (“GAAP"). The Company utilizes non-GAAP financial measures to analyze and report operating results that are unaffected by differences in capital structures, capital investment cycles, and varying ages of related assets. Although the Company believes these measures provide a useful representation of performance, non-GAAP financial measures should not be considered in isolation or as a substitute for any items calculated in accordance with GAAP. A reconciliation of these non-GAAP financial measures to their most directly comparable GAAP financial measure can be found in the Appendix to this presentation as well as Company’s latest Form 8-K, filed with the SEC on February 8, 2018.

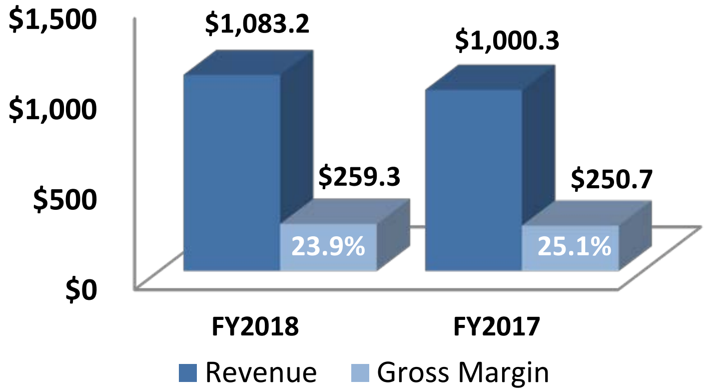
First Quarter 2018 Highlights and Outlook

- Record first quarter net sales of $1.1 billion; existing markets same day sales growth of 8.3%
- Strong organic sales performance across all three segments. Positive residential growth for 15 consecutive quarters. Commercial has produced two consecutive quarters of mid-single digit growth. Complementary was our top performer, increasing 11.7% vs. prior year.
- Customer pricing turned positive (up 0.5-1.0%), a significant shift from recent trends
- Solid Q1 expense leverage; existing market operating expense as a percent of sales improved 100 bps
- First quarter net income of $67.6 million ($46.7 million Adjusted)[1] vs. $20.4 million ($34.4 million Adjusted)[1] in prior year
- Q1 EPS $0.98 ($0.68 Adjusted)[1] vs. EPS of $0.33 ($0.56 Adjusted)[1] in prior year; Q1'18 impacted by $0.08 dilution from secondary common stock offering
- U.S. tax reform had a favorable impact on Q1 results, adding $0.71 to EPS ($0.09 Adjusted)
- Record first quarter Adjusted EBITDA of $86.0 million[2] (7.7% of net sales)
- Net Debt Leverage remains below 3.0x at 2.8x[3] excluding net proceeds from September 2017 secondary common stock offering
- Closed on the acquisition of Allied Building Products on January 2
- Raising 2018 EPS outlook from $2.95-$3.25 range to $3.40-$3.70, driven by tax reform and strong Q1

[1,2,3] *See reconciliation on slides 12, 14 and 13, respectively*

Quarterly Results – Net Sales & Gross Margin

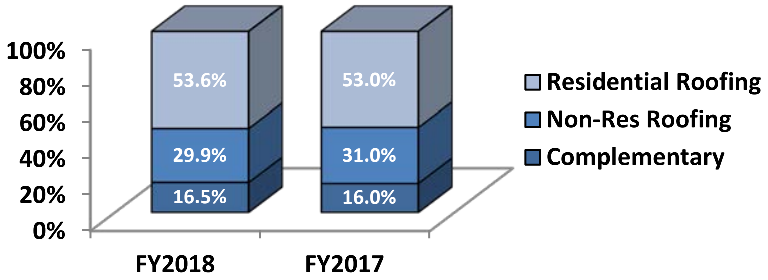
Existing Market Sales, Gross Profit and Gross Margin



$ in millions

Existing Market results above exclude results from acquired branches until they have been under ownership for at least four full fiscal quarters at the start of the fiscal reporting period

Existing Market Product Mix



Existing Market Daily Sales Growth by Region*

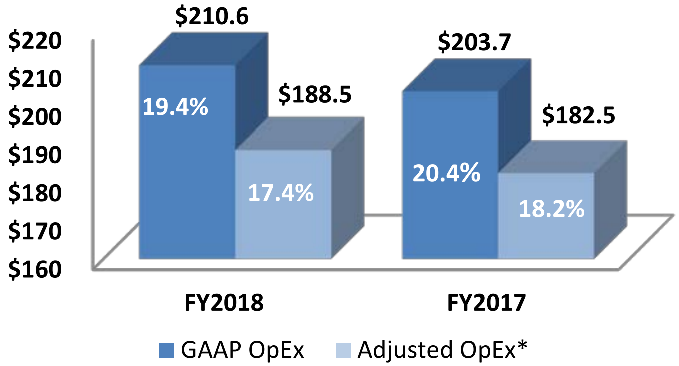
Total	8.3%
Northeast	2.9%
Mid-Atlantic	(1.4%)
Southeast	24.0%
Southwest	(1.0%)
Midwest	8.3%
West	25.2%
Canada	9.0%

**Same Days*

Quarterly Results – Operating Expense

Existing Market Operating Expense

Total OpEx & OpEx % of Net Sales



$ in millions

FY18 vs. FY17 OpEx Increase (Decrease)

	GAAP	Adjusted
Payroll – volume related	$9.8	$10.5
Warehouse and G&A	0.5	(3.9)
Other	0.2	(0.6)
Amortization	(3.6)	--
Subtotal	$6.9	$6.0

Existing Market results above exclude results from acquired branches until they have been under ownership for at least four full fiscal quarters at the start of the fiscal reporting period

See slide 15 for reconciliation table

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Anticipated Impact from U.S. Tax Reform

FY 2018 tax rate reflects one-quarter under the previous Federal tax rate, and three quarters within the new rate structure. The result creates a blended base quarterly effective tax rate estimate of 29-30%.

Adjusted Effective Tax Rate Summary by Period

	Q1'18	Q2'18	Q3'18	Q4'18	FY 2018	FY 2019
Effective Rate	25.3%*	~30%	~30%	~30%	29-30%	26-27%

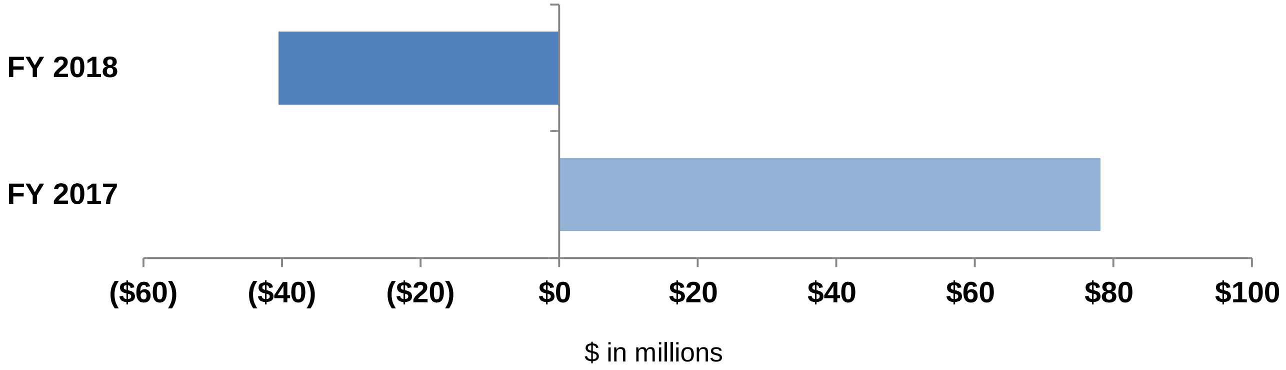
*Q1'18 was impacted by certain discrete items, the largest of which relates to adoption of ASU 2016-09 for share-based payment accounting

One-Time Q1'18 Tax Benefits (Costs) Excluded from Adjusted EPS

	Tax Impact	Adjusted EPS
Revaluation of deferred tax assets and liabilities	$47.4 million	$0.68
Repatriation tax of foreign earnings/profits	($0.9 million)	(0.01)

Cash Flow from Operations

Year-to-Date Results



	Net Income	Non-Cash and Working Capital Adjustments	Operational Cash Flow
FY 2018	$67.6	($108.1)	($40.5)
FY 2017	$20.4	$57.7	$78.1

$ in millions

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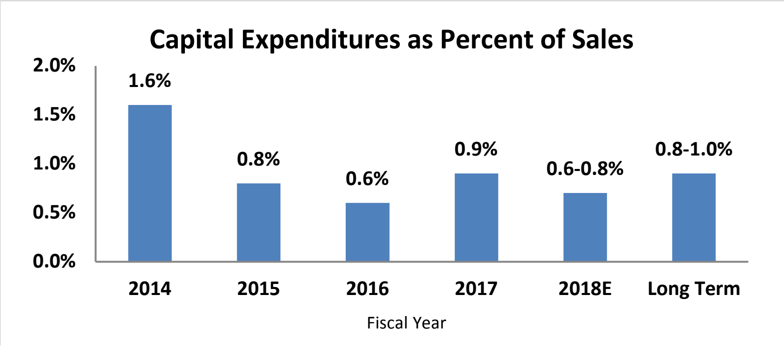
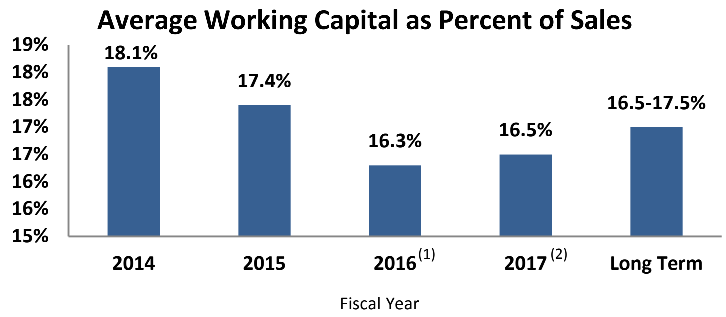
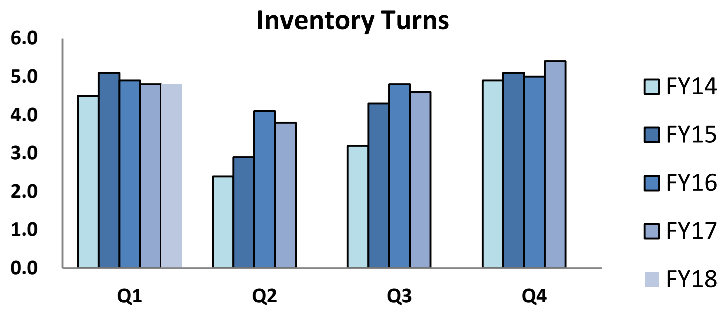
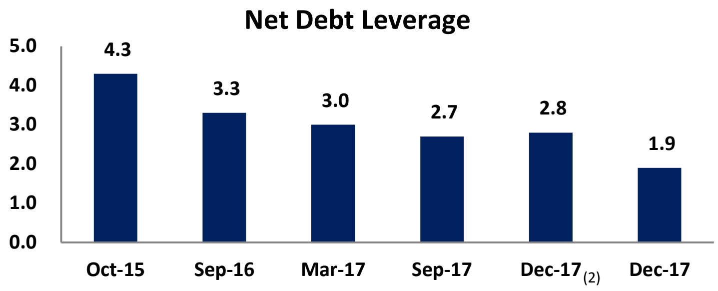
Key Balance Sheet Metrics









(1) *Includes opening working capital balances for RSG transaction*

(2) *Excludes proceeds from September 2017 secondary common stock offering; see slide 14 for detail*

Fiscal 2018 Outlook Summary

	2018 Current	2018 Previous
Revenue	$6.6 - $6.9 billion	$6.6 - $6.9 billion
Adjusted EBITDA*	$560 - $600 million	$560 - $600 million
Adjusted EPS*	$3.40 - $3.70	$2.95 - $3.25
Effective Tax Rate	29% - 30%	38% - 39%

*See definitions in the Appendix of this presentation

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EPS Contribution from Convertible Preferred

Convertible Preferred Accounting Method for EPS Calculations				
	Q2'18*	Q3'18	Q4'18	FY2018
After-Tax Dividend	($6.0mm)	----	----	----
Diluted Shares	~69 million	~79 million	~79 million	~76 million**

*Given the seasonality of our business and related impact on Beacon's historical winter profitability, the Q2 approach demonstrated above is likely to be the most dilutive EPS calculation method for second quarters in future years, as well.

**Full-year share count would substitute 79 million shares outstanding for the Q2 actual when calculating year average shares, and the after-tax dividend would be removed for EPS calculations

Appendix

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Reconciliation: Adjusted Net Income /Adjusted EPS Quarter-To-Date

Reconciliation of Net Income to Adjusted Net Income (Loss):

(In millions)	Three Months Ended December 31, 2017			Three Months Ended December 31, 2016		
	Reported	Non-GAAP Adjustments	Adjusted	Reported	Non-GAAP Adjustments	Adjusted
Net sales	$ 1,122.0	$ -	$ 1,122.0	$ 1,002.2	$ -	$ 1,002.2
Cost of products sold	852.2	-	852.2	751.1	-	751.1
Gross profit	269.8	-	269.8	251.1	-	251.1
Operating expense	220.7	(23.8)	196.9	204.1	(21.3)	182.8
Income from operations	49.1	23.8	72.9	47.0	21.3	68.3
Interest expense, financing costs and other	22.6	(12.3)	10.3	13.6	(1.6)	12.0
Income before provision for income taxes	26.5	36.0	62.5	33.4	22.9	56.3
Provision for (benefit from) income taxes	(41.1)	56.9	15.8	13.0	8.9	21.9
Net income	$ 67.6	$ (20.9)	$ 46.7	$ 20.4	$ 14.0	$ 34.4

Reconciliation of EPS to Adjusted EPS:

	Three Months Ended December 31, 2017	Three Months Ended December 31, 2016
EPS	$ 0.98	$ 0.33
Non-GAAP Adjustments per share impact	(0.30)	0.23
Adjusted EPS	$ 0.68	$ 0.56

Note: Adjusted Net Income (Loss) is defined as net income excluding non-recurring costs related to acquisitions and the amortization of intangibles, as well as the non-recurring effects of tax reform. We believe that Adjusted Net Income (Loss) is an operating performance metric that is useful to investors because it permits investors to better understand year-over-year changes in underlying operating performance. Adjusted net income per share or "Adjusted EPS" is calculated by dividing the Adjusted Net Income (Loss) for the period by the weighted-average diluted shares outstanding for the period (see Consolidated Statements of Operations for amounts).

While we believe Adjusted Net Income (Loss) and Adjusted EPS are useful measures for investors, these are not measurements presented in accordance with United States Generally Accepted Accounting Principles ("GAAP"). You should not consider Adjusted Net Income (Loss) or Adjusted EPS in isolation or as a substitute for net income and net loss per share or diluted earnings per share calculated in accordance with GAAP.

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Reconciliation: Net Debt Leverage Ratio

Reconciliation of Net Debt Leverage Ratio:

(In millions)

Gross total debt as of December 31, 2017	$	782.5
Cash and cash equivalents as of December 31, 2017		(63.8)
Net debt as of December 31, 2017	**$**	**718.7**
Adjusted EBITDA for the year ended September 30, 2017	**$**	**364.4**
Add: Adjusted EBITDA for the threee months ended December 31, 2017		86.0
Less: Adjusted EBITDA for the three months ended December 31, 2016		(80.0)
Adjusted EBITDA for the trailing 4 quarters ended December 31, 2017	**$**	**370.4**
Net Debt Leverage Ratio as of December 31, 2017		**1.9x**

Net Debt Leverage Ratio excluding net proceeds from Sept. 2017 secondary common stock offering:

Net debt as of December 31, 2017	$	718.7
Net proceeds from Sept. 2017 secondary common stock offering		330.8
Net debt as of December 31, 2017, excluding net proceeds from Sept. 2017 secondary common stock offering	**$**	**1,049.5**
Net Debt Leverage Ratio as of December 31, 2017, excluding net proceeds from Sept. 2017 secondary common stock offering		**2.8x**

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Reconciliation: Adjusted EBITDA

	Three Months Ended December 31,		Year Ended September 30,
	2017	2016	2017
Net income	$ 67,596	$ 20,430	$ 100,864
Acquisition costs	5,569	1,160	15,745
Interest expense, net	23,516	13,239	53,802
Income taxes	(41,068)	12,953	62,481
Depreciation and amortization	26,904	28,425	116,467
Stock-based compensation	3,459	3,816	15,074
Adjusted EBITDA	$ 85,976	$ 80,023	$ 364,433
Adjusted EBITDA as a % of net sales	7.7%	8.0%	8.3%

Adjusted EBITDA is defined as net income plus interest expense (net of interest income), income taxes, depreciation and amortization, stock-based compensation and non-recurring acquisition costs. We believe that Adjusted EBITDA is an operating performance measure that provides investors and analysts with a measure of operating results unaffected by differences in capital structures, capital investment cycles, and ages of related assets among otherwise comparable companies.

Acquisition costs reflect all non-recurring charges related to acquisitions (excluding the impact of tax) that are not embedded in other balances of the table. Certain portions of the total acquisition costs incurred are included in interest expense, income taxes, depreciation and amortization, and stock-based compensation.

While we believe Adjusted EBITDA is a useful measure for investors, it is not a measurement presented in accordance GAAP. You should not consider Adjusted EBITDA in isolation or as a substitute for net income, cash flows from operations, or any other items calculated in accordance with GAAP. In addition, Adjusted EBITDA has inherent material limitations as a performance measure. It does not include interest expense. Because we have borrowed money, interest expense is a necessary element of our costs. In addition, Adjusted EBITDA does not include depreciation and amortization expense. Because we have capital and intangible assets, depreciation and amortization expense is a necessary element of our costs. Adjusted EBITDA also does not include stock-based compensation, which is a necessary element of our costs because we make stock awards to key members of management as an important incentive to maximize overall company performance and as a benefit. Moreover, Adjusted EBITDA does not include taxes, and payment of taxes is a necessary element of our operations. Accordingly, since Adjusted EBITDA excludes these items, it has material limitations as a performance measure. We separately monitor capital expenditures, which impact depreciation expense, as well as amortization expense, interest expense, stock-based compensation expense, and income tax expense. Because not all companies use identical calculations, our presentation of Adjusted EBITDA may not be comparable to other similarly titled measures of other companies.

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Reconciliation of Existing Markets Operating Expense to Adjusted Operating Expense:

(In millions)	Three Months Ended December 31, 2017			Three Months Ended December 31, 2016		
	Reported	Non-GAAP Adjustments	Adjusted	Reported	Non-GAAP Adjustments	Adjusted
Existing Markets Sales	$ 1,083.2	$ -	$ 1,083.2	$ 1,000.3	$ -	$ 1,000.3
Existing Markets Operating Expense	210.6	(22.1)	188.5	203.7	(21.3)	182.5
Adjusted OpEx as % of Sales	19.4%		17.4%	20.4%		18.2%

Note: FY18 operating expense adjustments include: Acquisition costs $5.6 million and Amortization $16.5 million. FY17 operating expense adjustments include: Acquisition costs of $1.2 million and Amortization of $20.1 million

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2018 Guidance Reconciliations

Adjusted EBITDA 2018 Outlook

$ in millions	Low		High
GAAP Net Income	$150	-	$160
Acquisition Costs (SG&A)	$70	-	$80
Interest Expense, net	$135	-	$145
Income Taxes	$5	-	($5)
Depreciation	$55	-	$60
Amortization	$130	-	$140
Stock Compensation	$15	-	$20
Adjusted EBITDA	$560	-	$600

Adjusted EPS 2018 Outlook

$ in millions	Low		High
GAAP Net Income	$150	-	$160
One-time tax items	($45)	-	($45)
Acquisition Costs (post-tax)	$65		$70
Amortization (post-tax)	$90	-	$100
Adjusted Net Income	$260	-	$285
Avg Diluted Shares Outstanding	76	-	76
Adjusted Diluted EPS	$3.40	-	$3.70