



Beacon

2019 Third Quarter Earnings Call

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A reconciliation of these non-GAAP financial measures to their most directly comparable GAAP financial measure can be found in the Appendix as well as Company's latest Form 8-K, filed with the SEC on August 6, 2019.

CONFERENCE CALL AGENDA

- Company Strategy Update
Paul Isabella, President & Chief Executive Officer
- Q3 Results and Outlook
Joe Nowicki, Executive Vice President & CFO
- Q&A
- Closing Remarks
Paul Isabella, President & Chief Executive Officer

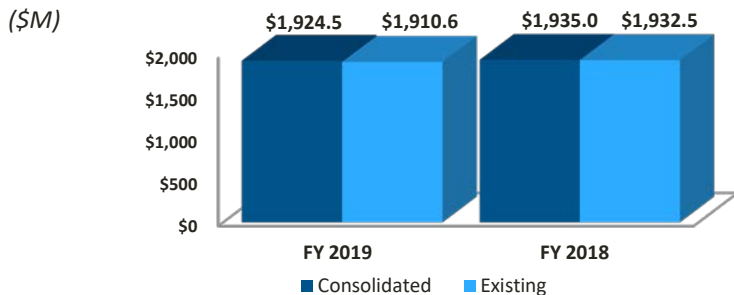
THIRD QUARTER 2019 HIGHLIGHTS

- ▶ Q3 net sales of \$1.92B
- ▶ Existing market residential daily sales growth of 3.1% over prior year
- ▶ Digital platform expected to generate sales of \$350M in FY19
- ▶ On track for full achievement of Allied synergy target of \$120M
- ▶ Generated >\$47M of operating cash in Q3; net debt¹ reduced in high working capital quarter
- ▶ Opened 2 greenfields in Q3 (7 opened YTD)

¹ Defined as gross debt less cash

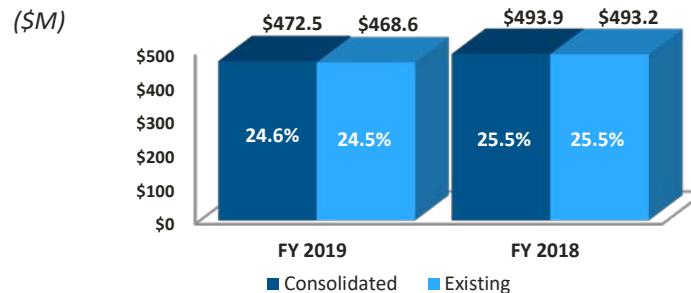
FINANCIAL HIGHLIGHTS

Sales Growth

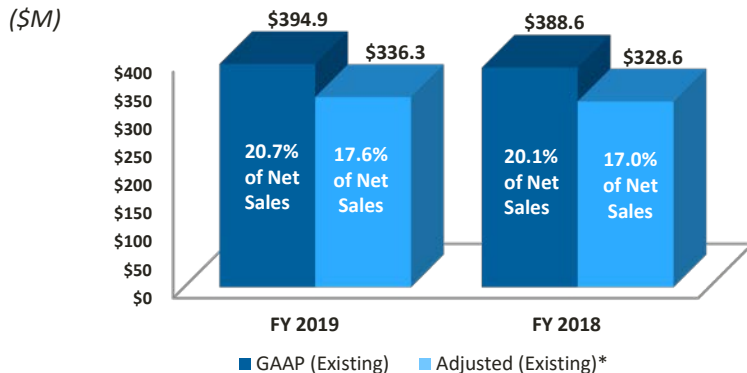


- Existing market residential sales grew 3.1% on same day basis

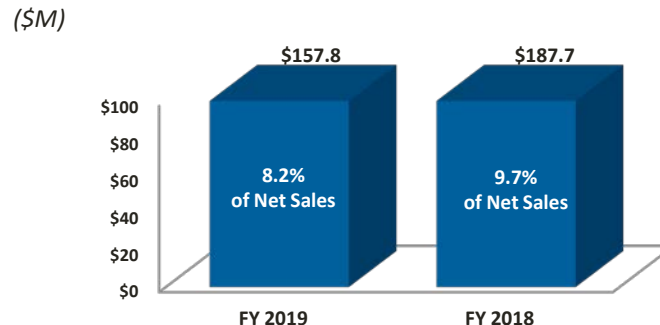
Gross Margin



Operating Costs



Adj. EBITDA*



FISCAL 2019 OUTLOOK

	2019
Net Sales	\$7.1 - \$7.2B
Adjusted EBITDA¹	\$490 - \$510M
Adjusted EPS²	\$2.30 - \$2.50

¹ Non-GAAP financial measure. See Appendix for definition

² Non-GAAP financial measure. Adjusted Net Income (Loss) is defined as net income that excludes acquisition costs, business restructuring costs, and the effects of tax reform. Adjusted Net Income (Loss) 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 after assuming the full conversion of the participating Preferred Stock.

SUMMARY

- ▶ Organic residential sales grew over 3% in the quarter – 2nd consecutive quarter of positive growth
 - ▶ Highly attractive market with steady repair & remodel in roofing (historically over 80%)
- ▶ Due to persistent Q2 and Q3 weather challenges lowered full year guidance of Adjusted EPS and Adjusted EBITDA
- ▶ Implemented actions to address fixed cost structure which will yield \$25M in annualized savings
- ▶ Remain focused on organic growth with several growth initiatives
 - ▶ Investments in our people
 - ▶ Technology investments
 - ▶ Expanded product breadth and depth
 - ▶ New customers and markets
- ▶ Continuation of successful Allied integration – on track to deliver full \$120M of synergies
- ▶ Digital platform expected to generate sales of \$350M in FY19
- ▶ Commitment to de-leveraging...available cash flow to pay down debt



Q&A



APPENDIX

RECONCILIATIONS: NON-GAAP FINANCIAL MEASURES

Adjusted EBITDA

(In millions)

	Three Months Ended June 30,	
	2019	2018
Net income (loss)	\$ 31.0	\$ 49.4
Acquisition costs	5.7	10.0
Business restructuring costs	1.7	-
Interest expense, net	40.2	39.0
Income taxes	5.2	18.1
Depreciation and amortization	69.4	65.9
Stock-based compensation	4.6	5.3
Adjusted EBITDA	<u>\$ 157.8</u>	<u>\$ 187.7</u>
Adjusted EBITDA as a % of net sales	8.2%	9.7%

Adjusted EBITDA is defined as net income plus interest expense (net of interest income), income taxes, depreciation and amortization, stock-based compensation, acquisition costs, and business restructuring costs. EBITDA is a measure commonly used in the distribution industry, and we present Adjusted EBITDA to enhance your understanding of our operating performance.

Adjusted Operating Expense

(In millions)

	Three Months Ended June 30, 2019			Three Months Ended June 30, 2018		
	Reported (GAAP)	Non-GAAP Adjustments	Adjusted (Non-GAAP)	Reported (GAAP)	Non-GAAP Adjustments	Adjusted (Non-GAAP)
Existing Markets Sales	\$ 1,910.6	\$ -	\$ 1,910.6	\$ 1,932.5	\$ -	\$ 1,932.5
Existing Markets Operating Expense	394.9	(58.6)	336.3	388.6	(60.0)	328.6
OpEx as % of Sales	20.7%		17.6%	20.1%		17.0%

Adjusted Operating Expense is calculated by removing the impact of acquisition costs and business restructuring costs from Existing Market operating expense, as reported on a GAAP basis.

Non-GAAP Adjustment totals are detailed as follows:

- FY19 adjustments to operating expense are composed of \$51.2 million of amortization expense, \$5.7 million of selling, general, and administrative costs related to acquisitions, and \$1.7 million of business restructuring costs.
- FY18 adjustments to operating expense are composed of \$50.1 million of amortization expense and \$9.9 million of selling, general, and administrative costs related to acquisitions.

RECONCILIATIONS: 2019 GUIDANCE

2019 Adjusted EBITDA Outlook

<i>(In millions)</i>	Low		High
GAAP Net Income	\$5	-	\$9
Acquisition Costs	25	-	28
Business Restructuring Costs	3	-	5
Interest Expense, net	161	-	164
Income Taxes	2	-	4
Depreciation	72	-	74
Amortization	205	-	206
Stock Compensation	17	-	20
Adjusted EBITDA	\$490	-	\$510

2019 Adjusted EPS Outlook

<i>(In millions, except per share amounts)</i>	Low		High
GAAP Net Income	\$5	-	\$9
Acquisition Costs (post-tax)	176	-	185
Business Restructuring Costs (post-tax)	2		4
Adjusted Net Income	\$183	-	\$198
Avg Diluted Shares Outstanding	79	-	79
Adjusted EPS	\$2.30	-	\$2.50