



**Q1 FY2025  
Earnings Call**  
August 29, 2024



# Safe Harbor and Basis of Presentation

**Forward-Looking Statement Safe Harbor** — This presentation includes “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. You can generally identify forward-looking statements by the Company’s use of forward-looking terminology such as “anticipate,” “believe,” “confident,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “might,” “plan,” “potential,” “predict,” “seek,” or “should,” or the negative thereof or other variations thereon or comparable terminology. In particular, statements about the markets in which GMS operates and our products, including potential or expected growth in those markets and products, the economy generally, our ability to continue successfully navigating the evolving operating environment and executing our business, strategic initiatives and priorities and growth potential, closing of acquisitions and integration of such acquisitions, future M&A and greenfields, inflation, capital structure, pricing (including but not limited to, fluctuations in commodity pricing), volumes, net sales, organic sales, gross margins, incremental EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, capital expenditures, free cash flow, future financial performance and liquidity, the Company’s cost reduction initiatives and results thereof, and the ability of the Company to grow stronger contained in this presentation may be considered forward-looking statements. Statements about our expectations, beliefs, plans, strategies, objectives, prospects, assumptions or future events or performance may be considered forward-looking statements. The Company has based forward-looking statements on its current expectations, assumptions, estimates and projections. While the Company believes these expectations, assumptions, estimates and projections are reasonable, such forward-looking statements are only predictions and involve known and unknown risks and uncertainties, many of which are beyond its control. Forward-looking statements involve risks and uncertainties, including, but not limited to, those described in the “Risk Factors” section in the Company’s most recent Annual Report on Form 10-K, and in its other periodic reports filed with the SEC. In addition, the statements in this presentation are made as of August 29, 2024. The Company undertakes no obligation to update any of the forward-looking statements made herein, whether as a result of new information, future events, changes in expectation or otherwise. These forward-looking statements should not be relied upon as representing the Company’s views as of any date subsequent to August 29, 2024.

**Use of Non-GAAP and Adjusted Financial Information** — To supplement GAAP financial information, we use adjusted measures of operating results which are non-GAAP measures. This non-GAAP adjusted financial information is provided as additional information for investors. These adjusted results exclude certain costs, expenses, gains and losses, and we believe their exclusion can enhance an overall understanding of our past financial performance and also our prospects for the future. These adjustments to our GAAP results are made with the intent of providing both management and investors a more complete understanding of our operating performance by excluding non-recurring, infrequent or other non-cash charges that are not believed to be material to the ongoing performance of our business. The presentation of this additional information is not meant to be considered in isolation or as a substitute for GAAP measures of net income, diluted earnings per share or net cash provided by (used in) operating activities prepared in accordance with generally accepted accounting principles in the United States. Please see the Appendix to this presentation for a further discussion on these non-GAAP measures and a reconciliation of these non-GAAP measures to the most directly comparable GAAP measures.

# Q1 Fiscal 2025 At a Glance

Comparisons are to Q1 FY24

- **Net Sales of \$1.4 billion, up 2.8%**

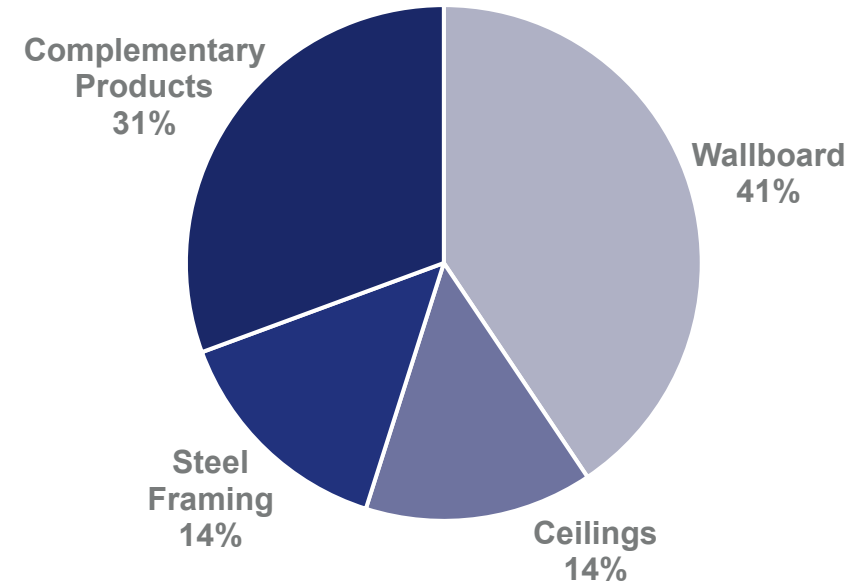
	Net Sales			Organic Sales Change
	Q1 FY25	Q1 FY24	Change	
Wallboard	\$ 587.9	\$ 571.4	2.9%	1.1%
Ceilings	\$ 207.2	\$ 175.2	18.2%	5.7%
Steel Framing	\$ 209.9	\$ 236.8	-11.4%	-15.3%
Complementary Products	\$ 443.5	\$ 426.2	4.1%	-2.7%
<b>Total</b>	<b>\$ 1,448.5</b>	<b>\$ 1,409.6</b>	<b>2.8%</b>	<b>-2.2%</b>

## U.S. Wallboard Volume For GMS

- ↑ Single-Family – Up 4.1%
- ↑ Commercial – Up 0.2%
- ↓ Multi-Family – Down 2.3%

- **Gross margin of 31.2%, down 80 bps**
- **Net income of \$57.2 million, compared to \$86.8 million**
- **Adjusted EBITDA<sup>1</sup> of \$145.9 million, compared to \$173.3 million**
- **Implementing \$25 million annualized cost reduction program**

## Q1 FY25 Net Sales



- **Volume growth across all four major product categories, inclusive of acquisitions**
- **Resilient or improved pricing in Wallboard, Ceilings and Complementary Products**
- **Positive contributions from acquisitions**
- **Softening demand in multi-family and commercial end markets, partially offset by year-over-year growth in single-family demand**

# Strategic Growth Priorities – Q1 FY25 Update

## Expand Share in Core Products



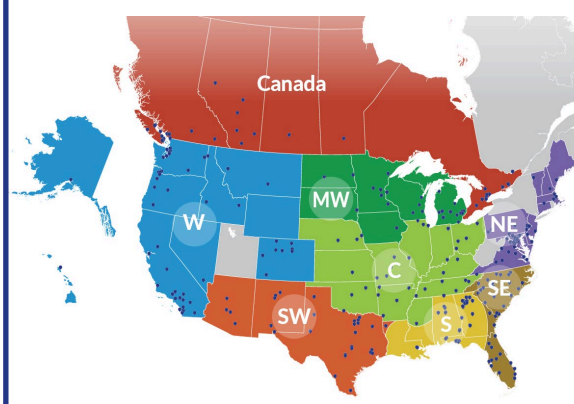
Capitalize on existing fixed investments in locations & equipment where we are underpenetrated or below expected share

## Grow Complementary Products



Grow Complementary Product opportunities to diversify and profitably expand our product offerings

## Platform Expansion



Expand the platform through accretive acquisition and greenfield opportunities, balanced with debt reduction priorities

## Drive Improved Productivity & Profitability



Leverage our scale and employ technology and best practices to deliver a best-in-class customer experience with an aim to further profit improvement

- The Gypsum Association, Steel Framing Industry Association and ceilings manufacturers' data all indicate that GMS continued to maintain or gain share

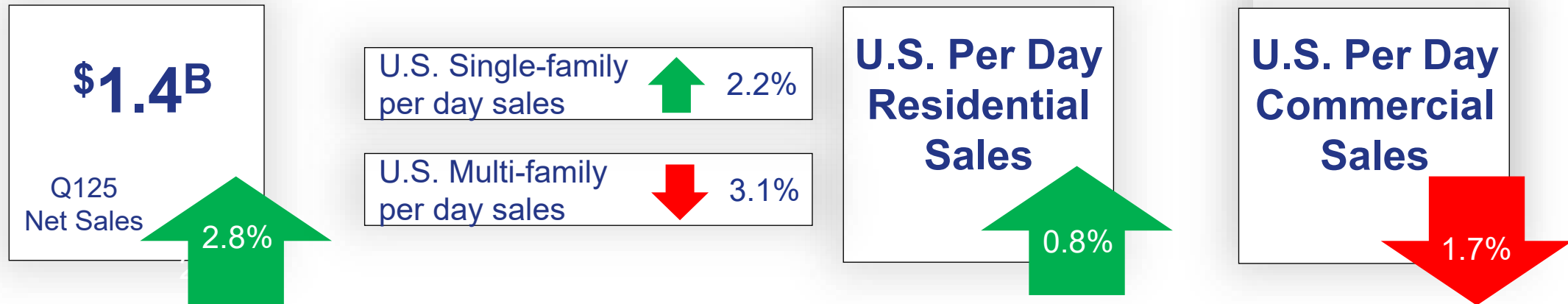
- Q125 was the 17th consecutive quarter of year-over-year growth for Complementary Products
- Focus areas Tools & Fasteners, EIFS/Stucco and Insulation continued to outperform the broader category

- Closed acquisitions of Howard & Sons Building Materials and Yvon Building Supply and affiliates
- Subsequent to the end of the quarter, acquired R.S. Elliott, a leading distributor of stucco, plaster, siding, EIFS and related construction supplies across Florida
- Solid pipeline of M&A opportunities in both our core and complementary product lines

- Equipping yard operators with the right tools and technologies continues to improve the efficiency of their operations.
- Consolidation of legacy legal entities is reducing organizational and process complexity, along with costs, while also leveraging the standardization of product, vendor, customer and other operational data across the business

# Sales Highlights – Q1 FY25

- Single-family demand was up YOY for second consecutive quarter
- Commercial and multi-family activity levels slowed more than expected for the quarter, particularly in July
- Deflationary pricing in Steel Framing reduced total net sales by an estimated \$40 million for the quarter



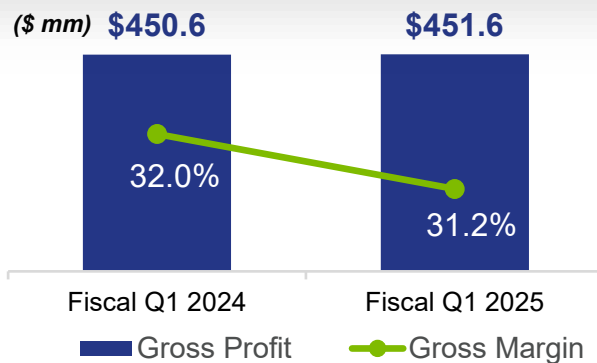
Per Day Net Sales Growth <sup>1</sup>		
	Volume	Price/Mix/Fx
Wallboard	2.9%	0.0%
Ceilings	8.9%	9.3%
Steel Framing	5.5%	-16.8%

Per Day Organic Growth <sup>1</sup>		
	Volume	Price/Mix/Fx
Wallboard	0.9%	0.2%
Ceilings	1.1%	4.6%
Steel Framing	-0.6%	-14.7%

# Shifts in Price Realization and Demand Mix Impacted Profitability

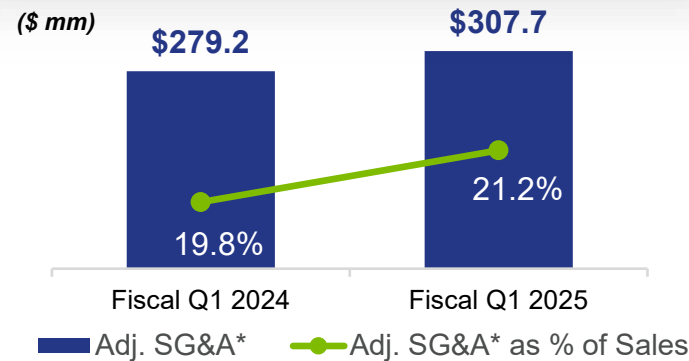
## Gross Profit & Gross Margin

Gross Profit up slightly YOY. Gross margin down primarily due to the mix impact of steel price deflation, a mix shift from commercial and multi-family to single-family Wallboard deliveries and price/cost dynamics in Wallboard, all of which were more pronounced than expectations.



## SG&A

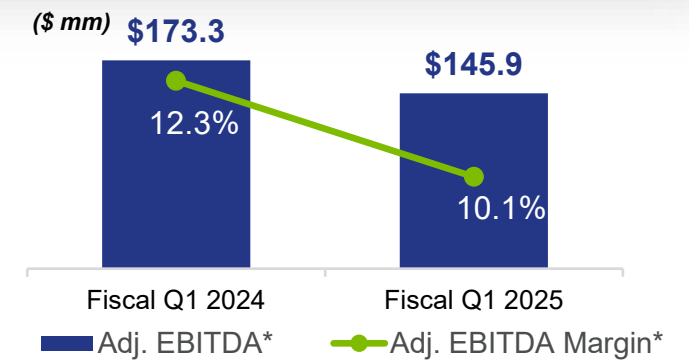
SG&A expense as a percentage of sales increased 150 basis points. Contributing to the variance was 85 basis points from operating cost inflation and activity-based increases, 55 basis points due to reduced revenue from steel price deflation and 10 basis points from recent acquisitions and greenfield openings.



## Net Income & Adj. EBITDA\*

Net income decreased 34.1% YOY to \$57.2M, including a 17.4% increase in interest expense and a \$3.2 million one-time tax benefit in Q124. Net income margin was 4.0%

Adjusted EBITDA\* was \$145.9 million with 10.1% Adjusted EBITDA margin.



# Attractive Capital Structure Supports Strategic Priorities

## Q125 Cash Flow<sup>1</sup>

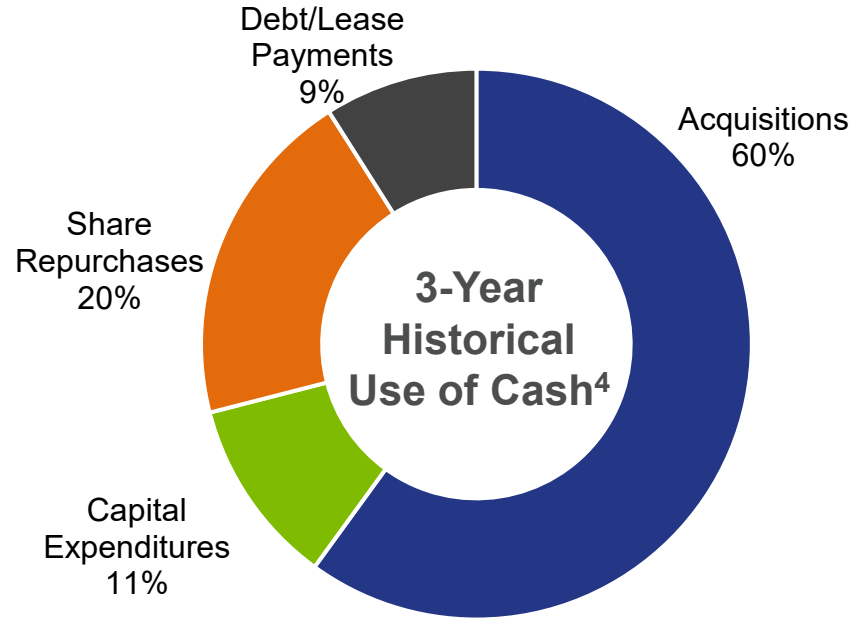
- Cash used by operating activities was \$22.9 million
- Free cash flow was a use of \$31.9 million
- Q1 is traditionally the highest use of cash for the Company

## Substantial Liquidity<sup>5</sup>

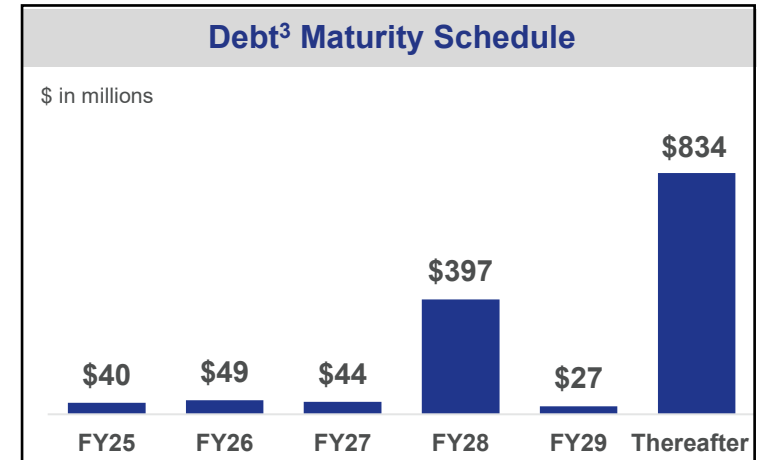
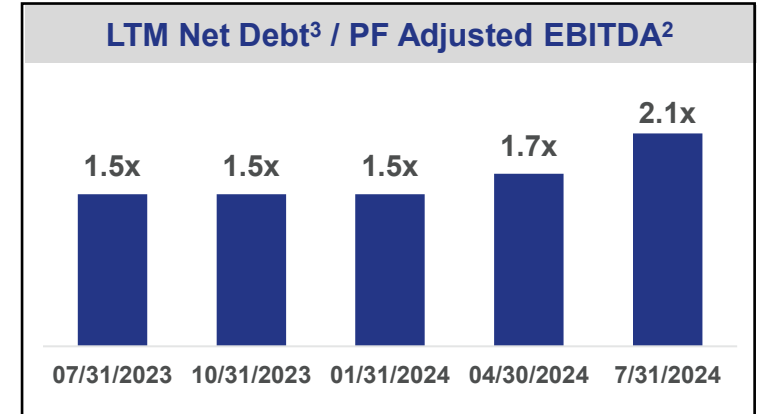
- \$53.2 million of cash on hand
- \$565.3 million available under our revolving credit facility

## Share Repurchases<sup>5</sup>

- Repurchased 538K shares for \$46.2 million during Q125
- \$154.3 million of repurchase authorization remaining



For Fiscal Years 2022, 2023 and 2024



1. For a reconciliation of free cash flow to cash provided or used by operating activities, the most directly comparable GAAP metric, see Appendix.
2. For detail, including a reconciliation of Pro Forma Adjusted EBITDA to net income, the most directly comparable GAAP metric, see Appendix.
3. Debt includes First Lien Term Loan, ABL Facility, Senior Notes, Finance Leases & Installment Notes.
4. Includes cash used for Capital Expenditures, Acquisitions, Share Repurchases, Payments on Principal on Long-Term Debt and Payments on Principal on Finance Lease Obligations for fiscal years 2022, 2023 and 2024.
5. Balance sheet, capital structure and share repurchase authorization references are as of 07/31/2024.

# End Market & Product-Level Expectations

Product Category	Q2 FY25 YOY Volume Expectations		Q2 FY25 YOY Price/Mix Expectations
	Organic	Total (Incl. acquisitions)	
•Single-family:	Up mid-single digits		
•Multi-family:	Down low-double digits		
•Commercial:	Down high-single digits		
<b>Total Wallboard:</b>	<b>Flat to down low-single digits</b>	<b>Up low-single digits</b>	<b>Up slightly</b>
<b>Ceilings:</b>	<b>Up low-single digits</b>	<b>Up low-double digits</b>	<b>Flat to up low-single digits</b>
<b>Steel Framing:</b>	<b>Down mid-to-high single digits</b>	<b>Up low-single digits</b>	<b>Down low-teens</b>
<b>Complementary Products:</b>	<b>Sales growth in the mid single digits or just better than that</b>		

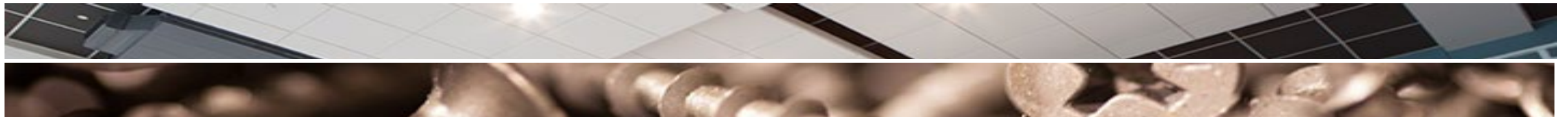




# Consolidated Expectations

Metric for Q2 FY25	Q2 FY25 Expectation
Net Sales	Up low-to-mid single digits YOY
Gross Margin	~31.6% - 31.8%
Net Income	\$67 million - \$69 million
Adjusted EBITDA <sup>1</sup>	\$163 million - \$168 million
Adjusted EBITDA Margin <sup>1</sup>	Approximately 11%

Metric for Full Year FY25	Full Year FY25 Expectation
Interest Expense	~ \$83 million - \$85 million
Capital Expenditures	~ \$50 million
Free Cash Flow <sup>1</sup>	~ 60% of FY25 Adj. EBITDA <sup>1</sup>
Tax Rate <sup>2</sup>	~ 26.5% - 27%



# Appendix



# Summary Quarterly Financials

(In millions)  
(Unaudited)

	1Q24	2Q24	3Q24	4Q24	FY24	1Q25
Wallboard Volume (MSF)	1,204	1,231	1,101	1,234	4,769	1,109
Wallboard Price (\$ / '000 Sq. Ft.)	\$ 475	\$ 476	\$ 473	\$ 475	\$ 475	\$ 479
Wallboard	\$ 571	\$ 585	\$ 521	\$ 586	\$ 2,263	\$ 588
Ceilings	175	175	156	189	695	207
Steel framing	237	232	203	220	893	210
Complementary products	426	428	379	418	1,651	444
Net sales	1,410	1,421	1,258	1,413	5,502	1,448
Cost of sales	959	962	844	962	3,727	997
Gross profit	451	459	415	451	1,775	452
Gross margin	32.0%	32.3%	33.0%	31.9%	32.3%	31.2%
Operating expenses:						
Selling, general and administrative expenses	287	301	296	316	1,199	315
Depreciation and amortization	32	33	33	36	133	38
Total operating expenses	319	334	328	351	1,332	353
Operating income	132	125	86	100	443	98
Other (expense) income:						
Interest expense	(19)	(19)	(19)	(19)	(75)	(22)
Write-off of discount and deferred financing costs	(1)	-	-	(1)	(2)	-
Other income, net	2	2	2	3	9	2
Total other expense, net	(18)	(17)	(17)	(17)	(69)	(20)
Income before taxes	114	108	69	83	374	78
Income tax expense	27	27	17	27	98	21
Net income	\$ 87	\$ 81	\$ 52	\$ 56	\$ 276	\$ 57
<b>Business Days</b>	<b>64</b>	<b>65</b>	<b>62</b>	<b>64</b>	<b>255</b>	<b>64</b>
Net Sales by Business Day	\$ 22.0	\$ 21.9	\$ 20.3	\$ 22.1	\$ 21.6	\$ 22.6
Beginning Branch Count	304	305	308	311	304	316
Added Branches	1	3	3	5	12	9
<b>Ending Branch Count</b>	<b>305</b>	<b>308</b>	<b>311</b>	<b>316</b>	<b>316</b>	<b>325</b>

# Quarterly Cash Flows

(\$ in millions)

(Unaudited)

	1Q24	2Q24	3Q24	4Q24	FY24	1Q25
Net income	\$ 86.8	\$ 81.0	\$ 51.9	\$ 56.4	\$ 276.1	\$ 57.2
Non-cash changes & other changes	(12.3)	48.2	27.5	81.1	144.5	(12.5)
<i>Changes in primary working capital components:</i>						
Trade accounts and notes receivable	(38.2)	(51.1)	92.1	(29.3)	(26.5)	(36.4)
Inventories	(1.4)	21.6	(20.3)	17.1	17.0	(20.6)
Accounts payable	(28.3)	18.4	(47.0)	79.0	22.2	(10.6)
<b>Cash provided by (used in) operating activities</b>	<b>6.6</b>	<b>118.1</b>	<b>104.3</b>	<b>204.2</b>	<b>433.2</b>	<b>(22.9)</b>
Purchases of property and equipment	(13.5)	(16.0)	(10.2)	(17.5)	(57.2)	(9.0)
Proceeds from sale of assets	1.0	0.7	0.2	0.7	2.7	1.2
Acquisitions of businesses, net of cash acquired	(39.0)	(17.0)	0.6	(320.8)	(376.2)	(118.5)
<b>Cash (used in) investing activities</b>	<b>(51.5)</b>	<b>(32.3)</b>	<b>(9.4)</b>	<b>(337.6)</b>	<b>(430.8)</b>	<b>(126.2)</b>
<b>Cash provided by (used in) financing activities</b>	<b>(39.1)</b>	<b>(89.7)</b>	<b>(83.9)</b>	<b>212.2</b>	<b>(0.4)</b>	<b>35.3</b>
Effect of exchange rates	0.7	(1.1)	0.8	(1.1)	(0.6)	0.9
Increase (decrease) in cash and cash equivalents	(83.3)	(4.9)	11.8	77.8	1.4	(113.0)
Balance, beginning of period	164.7	81.4	76.5	88.3	164.7	166.1
<b>Balance, end of period</b>	<b>\$ 81.4</b>	<b>\$ 76.5</b>	<b>\$ 88.3</b>	<b>\$ 166.1</b>	<b>\$ 166.1</b>	<b>\$ 53.2</b>
<b>Supplemental cash flow disclosures:</b>						
Cash paid for income taxes	\$ 3.2	\$ 66.1	\$ 24.4	\$ 26.7	\$ 120.4	\$ 2.9
Cash paid for interest	\$ 21.9	\$ 13.5	\$ 22.0	\$ 13.5	\$ 70.8	\$ 26.7
Cash provided by (used in) operating activities	\$ 6.6	\$ 118.1	\$ 104.3	\$ 204.2	\$ 433.2	\$ (22.9)
Purchases of property and equipment	(13.5)	(16.0)	(10.2)	(17.5)	(57.2)	(9.0)
<b>Free cash flow <sup>(1)</sup></b>	<b>\$ (6.9)</b>	<b>\$ 102.1</b>	<b>\$ 94.1</b>	<b>\$ 186.7</b>	<b>\$ 376.0</b>	<b>\$ (31.9)</b>

(1) Free cash flow is a non-GAAP financial measure defined as net cash provided by (used in) operations less capital expenditures. Differences may occur due to rounding.

# Q1 2025 Net Sales

(\$ in millions)

(Unaudited)

	Fiscal Q1		Variance	
	FY25	FY24	Reported	Organic <sup>(1)</sup>
Organic (1)	\$ 1,378.0	\$ 1,409.6		
Acquisitions	75.5	-		
Fx Impact	(5.1)	-		
<b>Total Net Sales</b>	<b>\$ 1,448.5</b>	<b>\$ 1,409.6</b>	<b>2.8%</b>	<b>(2.2%)</b>
Wallboard	\$ 587.9	\$ 571.4	2.9%	1.1%
Ceilings	207.2	175.2	18.2%	5.7%
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<b>Total Net Sales</b>	<b>\$ 1,448.5</b>	<b>\$ 1,409.6</b>	<b>2.8%</b>	<b>(2.2%)</b>

1. Organic net sales growth calculation excludes net sales of acquired businesses until first anniversary of acquisition date and impact of foreign currency translation.

# Quarterly Net Income to Adjusted EBITDA

## Reconciliation

(\$ in 000s) (Unaudited)	1Q24	2Q24	3Q24	4Q24	FY24	1Q25
<b>Net Income</b>	<b>\$ 86,830</b>	<b>\$ 80,957</b>	<b>\$ 51,905</b>	<b>\$ 56,387</b>	<b>\$ 276,079</b>	<b>\$ 57,248</b>
Add: Interest Expense	18,914	18,742	18,784	19,021	75,461	22,213
Add: Write off of debt discount and deferred financing fees	1,401	-	-	674	2,075	-
Less: Interest Income	(474)	(292)	(378)	(610)	(1,754)	(370)
Add: Income Tax Expense	26,734	27,205	17,468	26,680	98,087	20,946
Add: Depreciation Expense	16,327	16,963	17,276	18,640	69,206	19,228
Add: Amortization Expense	15,691	15,974	15,528	16,963	64,156	18,804
<b>EBITDA</b>	<b>\$ 165,423</b>	<b>\$ 159,549</b>	<b>\$ 120,583</b>	<b>\$ 137,755</b>	<b>\$ 583,310</b>	<b>\$ 138,069</b>
<b>Adjustments</b>						
Stock appreciation rights (A)	1,218	401	1,789	1,983	5,391	243
Redeemable noncontrolling interests (B)	480	184	461	302	1,427	422
Equity-based compensation (C)	3,304	5,111	3,559	3,644	15,618	3,678
Severance and other permitted costs (D)	406	882	1,033	307	2,628	956
Transaction costs (acquisition and other) (E)	1,385	1,223	765	1,483	4,856	1,280
(Gain) loss on disposal of assets (F)	(131)	(310)	(222)	(66)	(729)	858
Effects of fair value adjustments to inventory (G)	302	140	8	1,183	1,633	375
Debt transaction costs (H)	911	378	44	(13)	1,320	-
<b>Total Adjustments</b>	<b>\$ 7,875</b>	<b>\$ 8,009</b>	<b>\$ 7,437</b>	<b>\$ 8,823</b>	<b>\$ 32,144</b>	<b>\$ 7,812</b>
<b>Adjusted EBITDA (as reported)</b>	<b>\$ 173,298</b>	<b>\$ 167,558</b>	<b>\$ 128,020</b>	<b>\$ 146,578</b>	<b>\$ 615,454</b>	<b>\$ 145,881</b>
<b>Net Sales</b>	<b>\$1,409,600</b>	<b>\$1,420,930</b>	<b>\$1,258,348</b>	<b>\$1,413,029</b>	<b>\$5,501,907</b>	<b>\$1,448,456</b>
<b>Adjusted EBITDA Margin</b>	<b>12.3%</b>	<b>11.8%</b>	<b>10.2%</b>	<b>10.4%</b>	<b>11.2%</b>	<b>10.1%</b>

## Commentary

- A. Represents changes in the fair value of stock appreciation rights
- B. Represents changes in the fair value of noncontrolling interests
- C. Represents non-cash equity-based compensation expense related to the issuance of share-based awards
- D. Represents severance expenses and certain other cost adjustments as permitted under the ABL Facility and the Term Loan Facility
- E. Represents one-time costs related to acquisitions paid to third parties
- F. Includes gains and losses from the sale and disposal of assets
- G. Represents the non-cash cost of sales impact of purchase accounting adjustments to increase inventory to its estimated fair value
- H. Represents expenses paid to third party advisors related to debt refinancing activities

# Net Income to Pro Forma Adjusted EBITDA

	Reconciliation								
(\$ in 000s) (Unaudited)	LTM FY25 Q1	2024	2023	2022	2021	2020	2019	2018	2017
<b>Net Income</b>	\$ 246,497	\$ 276,079	\$ 332,991	\$ 273,442	\$ 105,560	\$ 23,381	\$ 56,002	\$ 62,971	\$ 48,886
Add: Interest Expense	78,760	75,461	65,843	58,097	53,786	67,718	73,677	31,395	29,360
Add: Write off of debt discount and deferred financing fees	674	2,075	-	-	4,606	1,331	-	74	7,103
Less: Interest Income	(1,650)	(1,754)	(1,287)	(163)	(86)	(88)	(66)	(177)	(152)
Add: Income Tax Expense	92,299	98,087	114,512	91,377	31,534	22,944	14,039	20,883	22,654
Add: Depreciation Expense	72,107	69,206	61,177	55,437	50,480	51,332	46,456	24,075	25,565
Add: Amortization Expense	67,269	64,156	65,730	63,795	57,645	65,201	71,003	41,455	43,675
<b>EBITDA</b>	\$ 555,956	\$ 583,310	\$ 638,966	\$ 541,985	\$ 303,525	\$ 231,819	\$ 261,111	\$ 180,676	\$ 177,091
<b>Adjustments</b>									
Impairment of goodwill				-	-	63,074	-	-	-
Stock appreciation rights	(A) 4,416	5,391	7,703	4,403	3,173	1,572	2,730	2,318	148
Redeemable noncontrolling interests	(B) 1,369	1,427	1,178	1,983	1,288	520	1,188	1,868	3,536
Equity-based compensation	(C) 15,992	15,618	13,217	10,968	8,442	7,060	3,906	1,695	2,534
Severance and other permitted costs	(D) 3,178	2,628	2,788	1,132	2,948	5,733	8,152	581	(157)
Transaction costs (acquisition and other)	(E) 4,751	4,856	1,961	3,545	1,068	2,414	7,858	3,370	2,249
(Gain) loss on disposal of assets	260	(729)	(1,413)	(913)	(1,011)	658	(525)	(509)	(338)
Effects of fair value adjustments to inventory	(F) 1,706	1,633	1,123	3,818	788	575	4,176	324	946
Gain on legal settlement	-	-	-	-	(1,382)	(14,029)	-	-	-
Change in fair value of financial instruments	(G) -	-	-	-	-	-	6,395	6,125	382
Secondary public offerings	(H) -	-	-	-	-	363	-	1,525	1,385
Debt transaction costs	(I) 409	1,320	173	-	532	-	678	1,285	265
<b>Total Adjustments</b>	\$ 32,081	\$ 32,144	\$ 26,730	\$ 24,936	\$ 15,846	\$ 67,940	\$ 34,558	\$ 18,582	\$ 11,138
<b>Adjusted EBITDA (as reported)</b>	\$ 588,037	\$ 615,454	\$ 665,696	\$ 566,921	\$ 319,371	\$ 299,759	\$ 295,669	\$ 199,258	\$ 188,229
Contributions from acquisitions	(J) 35,211	24,213	9,535	21,348	4,948	1,480	6,717	1,280	9,500
<b>Pro Forma Adjusted EBITDA</b>	\$ 623,248	\$ 639,667	\$ 675,231	\$ 588,269	\$ 324,319	\$ 301,239	\$ 302,386	\$ 200,538	\$ 197,729
<b>Net Sales</b>	\$5,540,763	\$5,501,907	\$5,329,252	\$4,634,875	\$3,298,823	\$3,241,307	\$3,116,032	\$2,511,469	\$2,319,146
<b>Adjusted EBITDA margin (as reported)</b>	10.6%	11.2%	12.5%	12.2%	9.7%	9.2%	9.5%	7.9%	8.1%

## Commentary

- A. Represents changes in the fair value of stock appreciation rights
- B. Represents changes in the fair value of noncontrolling interests
- C. Represents non-cash equity-based compensation expense related to the issuance of share-based awards
- D. Represents severance expenses and certain other cost adjustments as permitted under the ABL Facility and the Term Loan Facility
- E. Represents one-time costs related to our initial public offering and acquisitions paid to third party advisors as well as costs related to the retirement of corporate stock appreciation rights
- F. Represents the non-cash cost of sales impact of purchase accounting adjustments to increase inventory to its estimated fair value
- G. Represents mark-to-market adjustments for derivative financial instruments
- H. Represents one-time costs related to our secondary offerings paid to third party advisors
- I. Represents expenses paid to third party advisors related to debt refinancing activities
- J. Pro forma impact of earnings from acquisitions from the beginning of the LTM period to the date of acquisition, including synergies

# Income Before Taxes to Adjusted Net Income - Legacy

	Reconciliation	
(\$ in 000s) (Unaudited)	1Q25	1Q24
Income before taxes	\$ 78,194	\$ 113,564
EBITDA adjustments	7,812	7,875
Write-off of debt discount and deferred financing fees	-	1,401
Purchase accounting depreciation and amortization (A)	14,157	10,915
Adjusted pre-tax income	100,163	133,755
Adjusted income tax expense	26,042	34,108
Adjusted net income	\$ 74,121	\$ 99,647
Effective tax rate (B)	26.0%	25.5%
Weighted average shares outstanding:		
Basic	39,542	40,749
Diluted	40,226	41,477
Adjusted net income per share:		
Basic	\$ 1.87	\$ 2.45
Diluted	\$ 1.84	\$ 2.40

## Commentary

- A. Depreciation and amortization from the increase in value of certain long-term assets associated with the April 1, 2014 acquisition of the predecessor company and amortization of intangible assets from the acquisitions of Titan, Westside Building Material, Ames Taping Tools, Kamco Supply Corporation and Yvon Building Supplies
- B. Normalized cash tax rate determined based on our estimated taxes excluding the impact of purchase accounting and certain other deferred tax amounts



# Income Before Taxes to Adjusted Net Income – New as of 1Q25

	Reconciliation	
(\$ in 000s) (Unaudited)	1Q25	1Q24
Income before taxes	\$ 78,194	\$ 113,564
EBITDA adjustments	7,812	7,875
Write-off of debt discount and deferred financing fees	-	1,401
Amortization expense (A)	18,804	15,691
Adjusted pre-tax income	104,810	138,531
Adjusted income tax expense	27,251	35,325
Adjusted net income	\$ 77,559	\$ 103,206
Effective tax rate (B)	26.0%	25.5%
Weighted average shares outstanding:		
Basic	39,542	40,749
Diluted	40,226	41,477
Adjusted net income per share:		
Basic	\$ 1.96	\$ 2.53
Diluted	\$ 1.93	\$ 2.49

## Commentary

- A. Represents all non-cash amortization resulting from business combinations. To make the financial presentation more consistent with other public building products companies, beginning in the first quarter 2025 we are now including an adjustment for all non-cash amortization expense related to acquisitions, as opposed to non-cash amortization and depreciation for select acquisitions
- B. Normalized cash tax rate excluding the impact of acquisition accounting and certain other deferred tax amounts

# Income Before Taxes to Adjusted Net Income – Historical FY24

	Reconciliation			
	1Q24	2Q24	3Q24	4Q24
(\$ in 000s)				
(Unaudited)				
Income before taxes	\$ 113,564	\$ 108,162	\$ 69,373	\$ 83,067
EBITDA adjustments	7,875	8,009	7,437	8,823
Write-off of debt discount and deferred financing fees	1,401	-	-	674
Amortization expense (A)	15,691	15,974	15,528	16,963
Adjusted pre-tax income	138,531	132,145	92,338	109,527
Adjusted income tax expense	35,325	33,697	23,546	27,929
Adjusted net income	<u>\$ 103,206</u>	<u>\$ 98,448</u>	<u>\$ 68,792</u>	<u>\$ 81,598</u>
Effective tax rate (B)	25.5%	25.5%	25.5%	25.5%
Weighted average shares outstanding:				
Basic	40,749	40,466	39,864	39,830
Diluted	41,477	41,088	40,512	40,539
Adjusted net income per share:				
Basic	\$ 2.53	\$ 2.43	\$ 1.73	\$ 2.05
Diluted	\$ 2.49	\$ 2.40	\$ 1.70	\$ 2.01

## Commentary

- A. Represents all non-cash amortization resulting from business combinations
- B. Normalized cash tax rate excluding the impact of acquisition accounting and certain other deferred tax amounts

# Reported SG&A to Adjusted SG&A

## Reconciliation

(Unaudited) (\$ in millions)		1Q24	2Q24	3Q24	3Q24	FY2024	1Q25
<b>SG&amp;A - Reported</b>		\$ 286.8	\$ 300.9	\$ 295.7	\$ 315.5	\$ 1,198.9	\$ 315.2
<u>Adjustments</u>							
Stock appreciation rights	(A)	(1.2)	(0.4)	(1.8)	(2.0)	(5.4)	(0.2)
Redeemable noncontrolling interests	(B)	(0.5)	(0.2)	(0.5)	(0.3)	(1.4)	(0.4)
Equity-based compensation	(C)	(3.3)	(5.1)	(3.6)	(3.6)	(15.6)	(3.7)
Severance and other permitted costs	(D)	(0.4)	(0.9)	(1.0)	(0.3)	(2.6)	(1.0)
Transaction costs (acquisition and other)	(E)	(1.4)	(1.2)	(0.8)	(1.5)	(4.9)	(1.3)
Gain (loss) on disposal of assets	(F)	0.1	0.3	0.2	0.1	0.7	(0.9)
Debt transaction costs	(G)	(0.9)	(0.4)	(0.0)	0.0	(1.3)	-
<b>SG&amp;A - Adjusted</b>		\$ 279.2	\$ 293.0	\$ 288.3	\$ 307.9	\$ 1,168.4	\$ 307.7
<b>Net Sales</b>		\$ 1,409.6	\$ 1,420.9	\$ 1,258.3	\$ 1,413.0	\$ 5,501.9	\$ 1,448.5
<i>Adjusted SG&amp;A Margin</i>		19.8%	20.6%	22.9%	21.8%	21.2%	21.2%

## Commentary

- A. Represents changes in the fair value of stock appreciation rights
- B. Represents changes in the fair value of noncontrolling interests
- C. Represents non-cash equity-based compensation expense related to the issuance of share-based awards
- D. Represents severance expenses and certain other cost adjustments as permitted under the ABL Facility and the Term Loan Facility
- E. Represents one-time costs related to acquisitions paid to third parties

# Leverage Summary

(\$ mm)

	7/31/23 LTM	10/31/23 LTM	1/31/24 LTM	4/30/24 LTM	7/31/24 LTM
Cash and cash equivalents	\$81	\$77	\$88	\$166	\$53
ABL Facility	\$113	\$81	\$29	\$270	\$359
First Lien Term Loan (1) (2)	493	494	493	491	490
Senior Notes (3)	346	346	346	347	347
Finance Lease Obligations	136	150	158	169	174
Installment Notes & Other (4)	13	6	4	4	10
<b>Total Debt</b>	<b>\$1,102</b>	<b>\$1,076</b>	<b>\$1,031</b>	<b>\$1,281</b>	<b>\$1,380</b>
<b>Total Net Debt</b>	<b>\$1,021</b>	<b>\$1,000</b>	<b>\$942</b>	<b>\$1,114</b>	<b>\$1,327</b>
<b>PF Adj. EBITDA</b>	<b>\$678</b>	<b>\$647</b>	<b>\$629</b>	<b>\$642</b>	<b>\$623</b>
<b>Total Debt / PF Adj. EBITDA</b>	<b>1.6x</b>	<b>1.7x</b>	<b>1.6x</b>	<b>2.0x</b>	<b>2.2x</b>
<b>Net Debt / PF Adj. EBITDA</b>	<b>1.5x</b>	<b>1.5x</b>	<b>1.5x</b>	<b>1.7x</b>	<b>2.1x</b>

- (1) Net of unamortized discount of \$2.5mm, \$2.4mm, \$2.3mm, \$2.0mm and \$1.9mm as of July 31, 2023, October 31, 2023, January 31, 2024, April 2024 and July 31, 2024, respectively.
- (2) Net of deferred financing costs of \$4.1mm, \$3.9mm, \$3.8mm, \$4.4mm and \$4.3mm as of July 31, 2023, October 31, 2023, January 31, 2024, April 2024 and July 31, 2024, respectively.
- (3) Net of deferred financing costs of \$3.9mm, \$3.8mm, \$3.6mm, \$3.4mm and \$3.2mm as of July 31, 2023, October 31, 2023, January 31, 2024, April 2024 and July 31, 2024, respectively.
- (4) Net of unamortized discount of \$0.1mm as of July 31, 2023.
- (5) For detail, including a reconciliation of Pro Forma Adjusted EBITDA to net income, the most directly comparable GAAP metric, see Appendix.

# Net Income to Adjusted EBITDA Outlook

## Reconciliation

\$ in millions

	Q2 FY25
Net Income	\$67 - \$69
Interest expense, net	20.8 - 21.4
Write-off of debt discount and deferred financing fees	-
Provision for income taxes	25.0 - 25.7
Depreciation and amortization expense	39.1 - 40.3
Other Adjustments	12.0
Adjusted EBITDA	\$163 - \$168