



# BEACON Investor Presentation

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January 2023



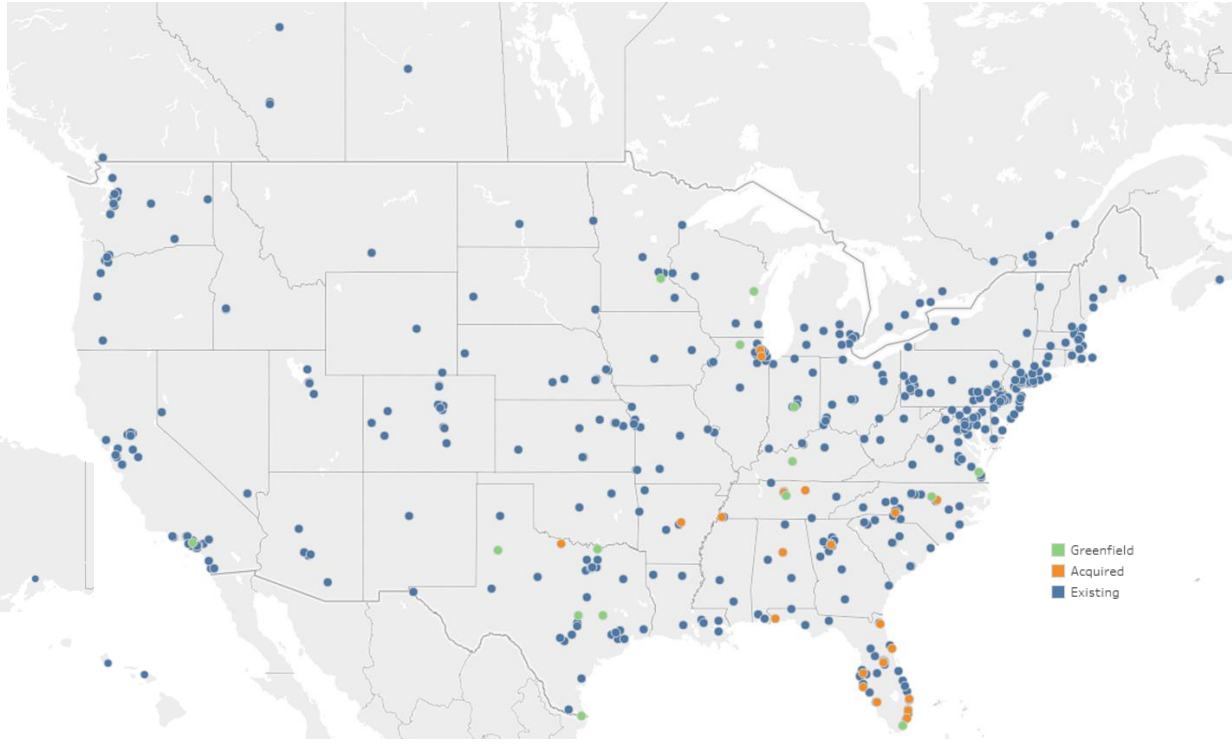
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Unless otherwise specifically noted, references in this presentation to years refer to calendar years and, accordingly, historical financial information has been recast on a calendar year basis. Unless otherwise specifically noted, financial information contained in this presentation reflects continuing operations only.

# Our North America Footprint



**95,000+**  
Customers

**~480** Branch locations    **7,000+** Team members

**50** US States    **6** Canadian Provinces

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**\$8.2 billion**  
TTM Net Sales

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**\$906 million**  
TTM Adj. EBITDA

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**11.0%**  
TTM Adj. EBITDA margin

National scale | Broad geographic reach | Diverse customer channels

Note: Figures are as of September 30<sup>th</sup>, 2022 ; Map is as of December 31<sup>st</sup>, 2022

# Revitalized Leadership Team

~75%

of Executive  
Committee appointed  
since 2019



**Phil Knisely**  
Chairman



**Julian Francis**  
President & Chief  
Executive Officer



**Frank Lonegro**  
Executive Vice President  
& Chief Financial Officer



**Christine Reddy**  
Executive Vice President,  
General Counsel &  
Corporate Secretary



**Munroe Best**  
President,  
South Division



**Brendan Daly**  
Executive Vice President,  
Operational Excellence



**Jake Gosa**  
President,  
North Division



**Jason Taylor**  
President,  
West Division



**Jonathan Bennett**  
Executive Vice President &  
Chief Commercial Officer



**Jennifer Lewis**  
Vice President of  
Communications & Corporate  
Social Responsibility

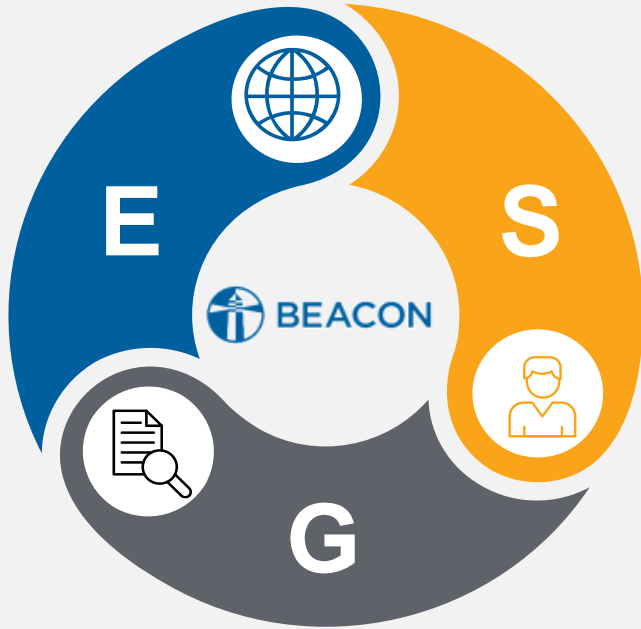


**Sean McDevitt**  
Executive Vice President &  
Chief Human  
Resources Officer



**Chris Nelson**  
Executive Vice President &  
Chief Information Officer

# Core Values & ESG Anchor Beacon's Ambition 2025



## ENVIRONMENTAL

Optimizing our footprint to achieve profitable, sustainable growth

## SOCIAL

Investing in our people to achieve the best business outcomes

## GOVERNANCE

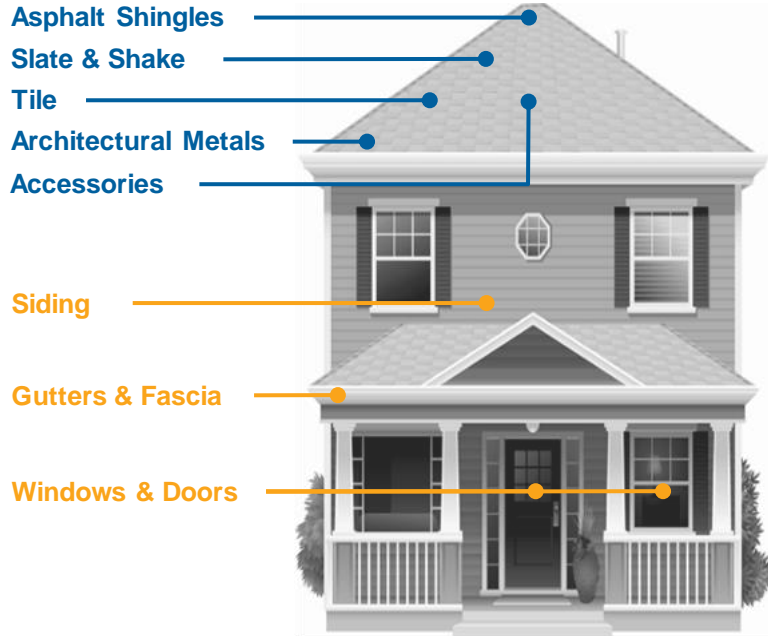
Doing the right thing, engaging with stakeholders to grow responsibly

## OUR CORE VALUES

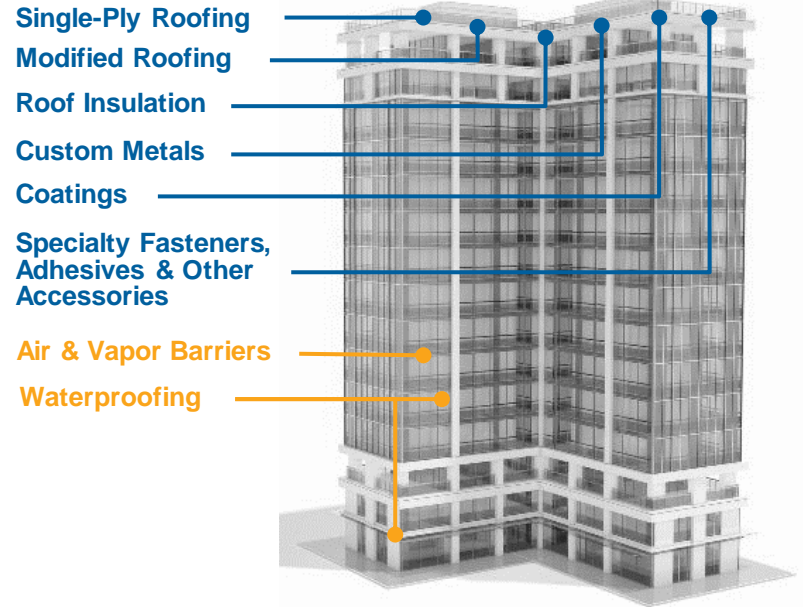
- 1 PUT PEOPLE FIRST**  
We are dedicated to forging collaborative relationships that empower people to reach their maximum potential.
- 2 MAKE EVERY DAY SAFER**  
We have an unwavering commitment to safety because a safe team is a healthy, happy, and successful team.
- 3 DO THE RIGHT THING**  
Every day, we have a choice to do it the easy way or the right way – we choose to do it the right way every time.
- 4 OWN YOUR DAY**  
We take pride in a job well done and are always willing to roll up our sleeves and put in the extra effort to overcome obstacles and get results.
- 5 NEVER STOP BUILDING**  
The path from average to exceptional begins with hard work and we wake up motivated to be a little better today than we were yesterday.

# Strategically Focused on Two Core Markets

## Residential Roofing

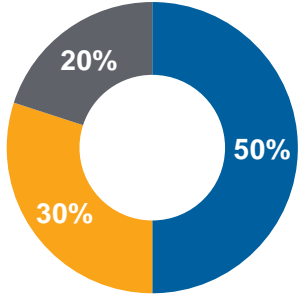


## Commercial Roofing



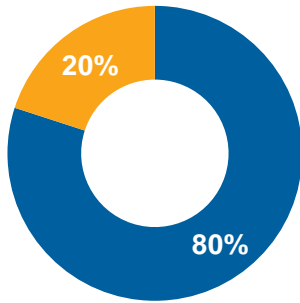
# Favorable Macro & Market Fundamentals

Net Sales Mix\*



- Residential Roofing
- Commercial Roofing
- Complementary

End Market Mix



- Repair & Remodel
- New Construction

## RESIDENTIAL CONSTRUCTION TRENDS\*\*



Higher  
single-household  
formation



Undersupply of  
housing; aging  
housing stock



Favorable  
de-urbanization  
trends



Relatively  
low interest rates;  
favorable home  
equity values

## COMMERCIAL CONSTRUCTION TRENDS\*\*



Improving  
commercial  
sentiment



Strong  
warehouse  
development



Post-COVID  
rebound

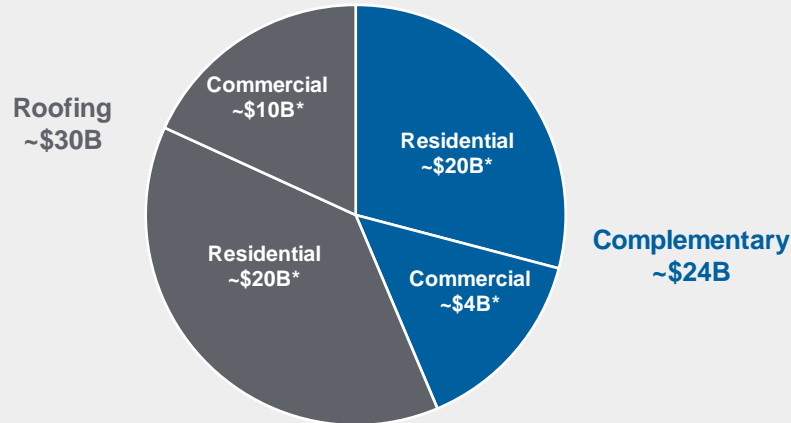


New building  
code standards

# Well-Positioned in Large and Fragmented Market

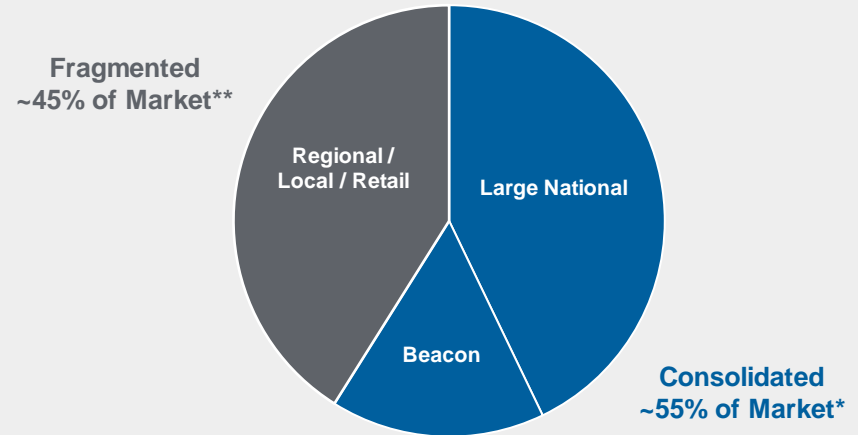
## ADDRESSABLE MARKETS

ROOFING AND COMPLEMENTARY PRODUCTS  
DISTRIBUTION MARKET ~\$54B\*



## INDUSTRY STRUCTURE

ROOFING PRODUCTS DISTRIBUTION MARKET ~\$30B\*

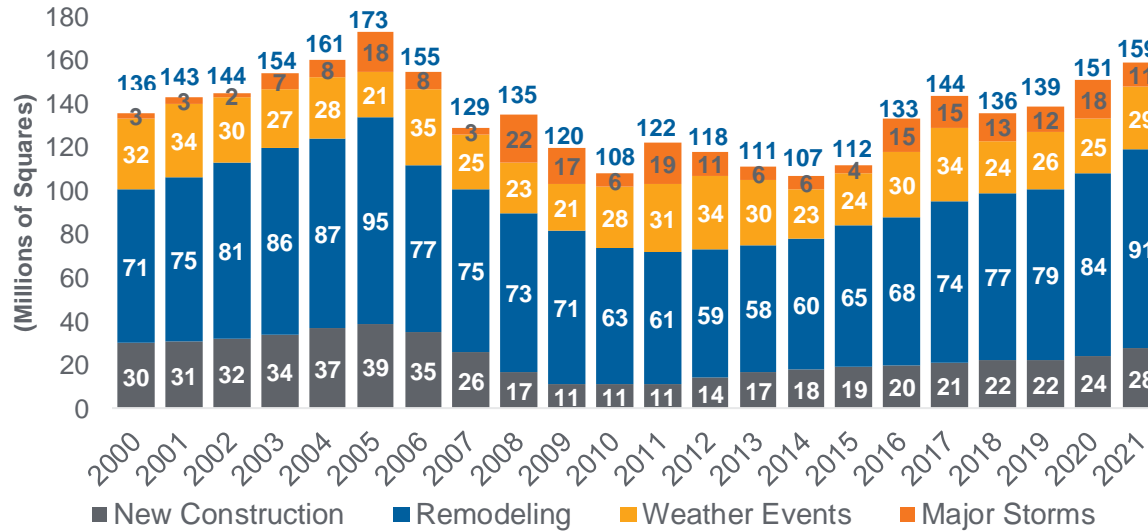


Beacon's position in a large addressable market provides multiple paths to growth

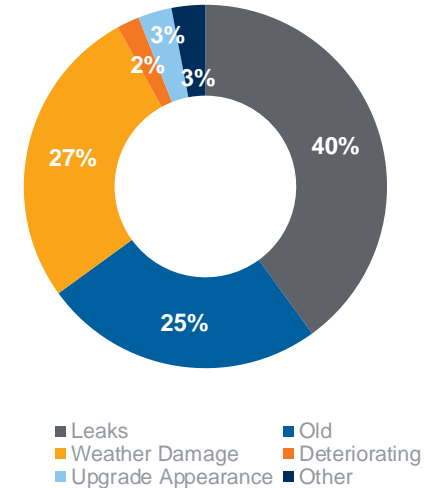


# Roofing Market Stability Through the Cycle

## U.S. Asphalt Shingle Market\*



## Drivers of Re-Roofing Demand



Residential roofing demand remains below prior cycle peaks

>90% of re-roofing demand is non-discretionary

\*All years shown are calendar  
Sources: Owens Corning, ARMA, 3M

# Strong Value Proposition to Both Customers & Suppliers

## SUPPLIERS



## BEACON

### Value to Suppliers

- Coast to coast presence
- Scale advantages
- Last mile logistics
- Short cycle channel management
- Inventory partner

### Value to Customers

- Value-added capabilities
- Order assembly, kitting and packaging
- Leading digital platform
- Highly knowledgeable sales & support
- Customer credit

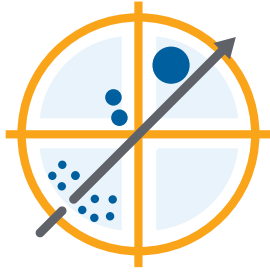


## CUSTOMERS

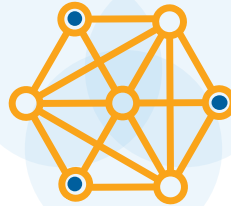
**80,000+**  
National, regional and  
local contractors  
across the U.S. and  
Canada

Driving to be #1 choice for customers and suppliers

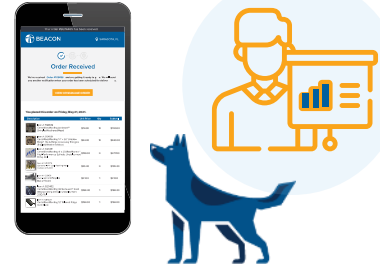
# Beacon Competitive Advantages



**SCALE  
ADVANTAGE**

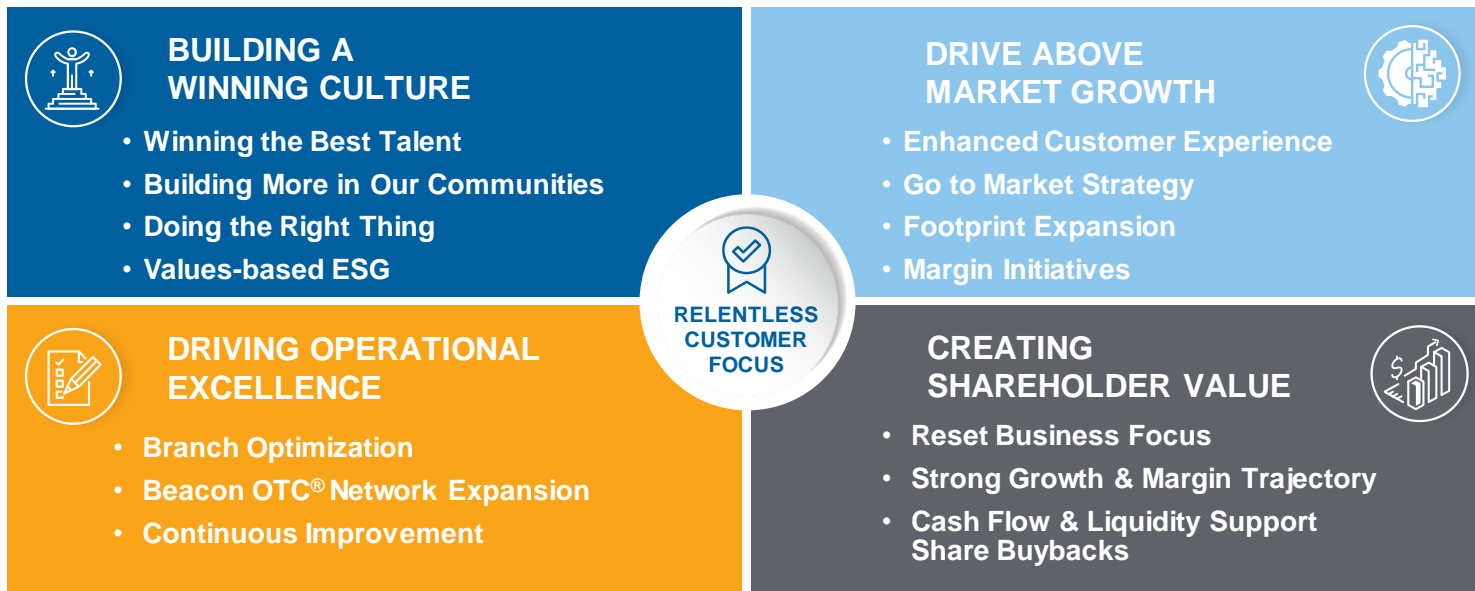


**NETWORKED  
MODEL**



**SPECIALIZED  
CAPABILITIES**

# Ambition 2025 Strategy – Resilient Through the Cycle

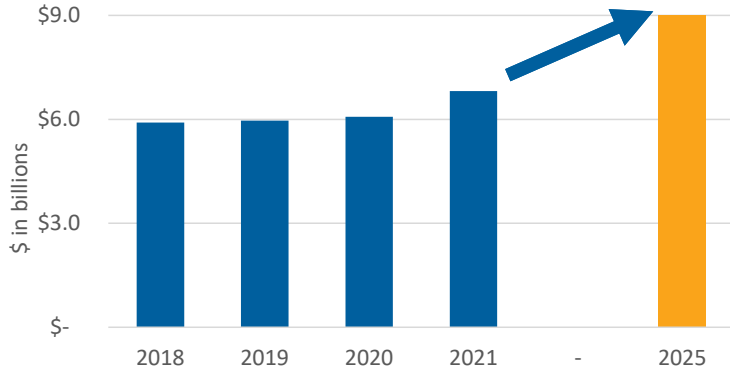


*Accelerating value creation for our customers, employees and shareholders*

# Ambition 2025 Financial Targets

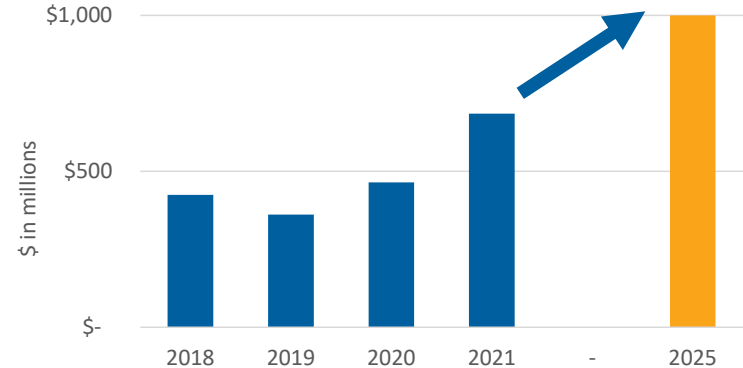
**~\$9B**  
2025  
Net sales

Net Sales CAGR of ~8%  
(2021 – 2025)



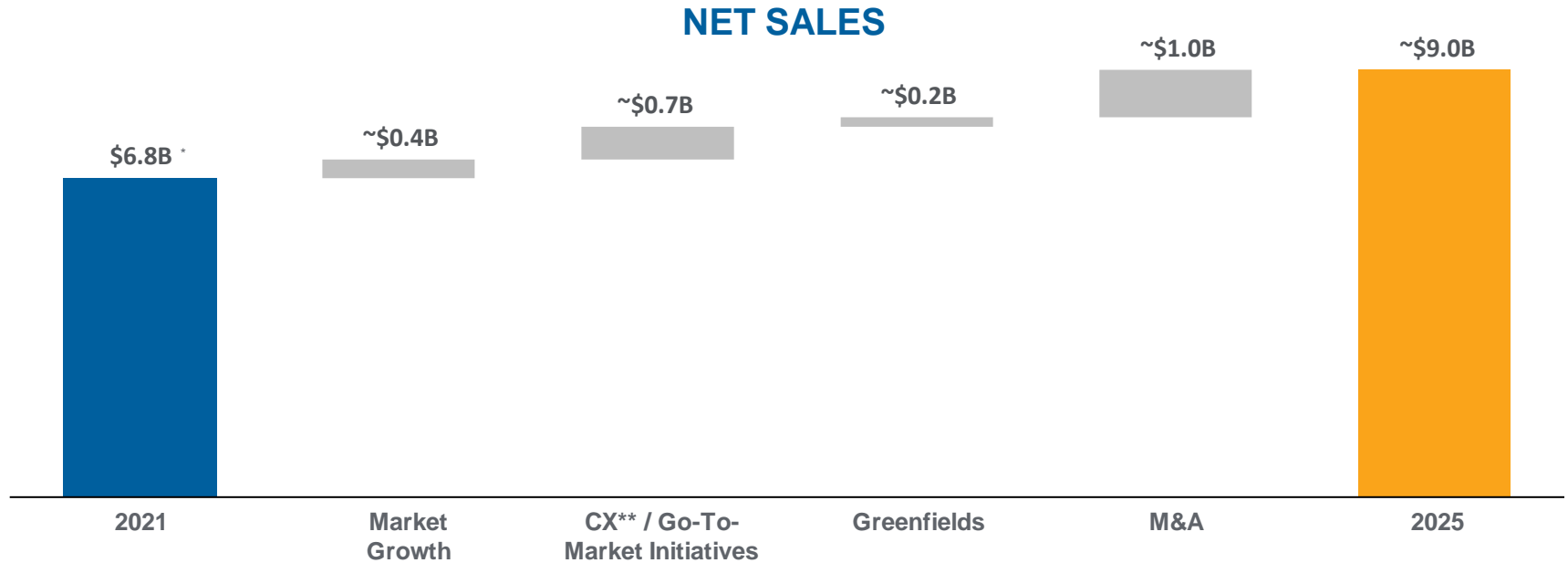
**~\$1B**  
2025  
Adj. EBITDA

Adj. EBITDA CAGR of ~10%  
(2021 – 2025)



**Strategic initiatives driving above-market growth and double-digit margins**

# Ambition 2025 Financial Targets



**Strategic initiatives driving above-market growth**

# Outside Sales Rep (OSR) Investment

## Sales Force Investment

- Significant investment in OSR coverage across Top 50 MSAs focus
- **100+ OSR Increase:** Residential and Commercial Specialists
- Target ~\$7M sales per OSR (3-5 years tenure)

## Leadership Alignment

- Align OSRs under new market-based leadership
- 25+ Sales leadership positions in 2022
- Sales professionals reporting to Sales leaders
- Aligned with Field structure

## Prioritize Opportunities

- Target customers leveraging “Money Maps”
- Enables targeting of key contractor opportunities for share gain
- Prioritization of support resources

**Sales team investment to deliver ~\$500M in 2025 sales**

# Commercial Roofing Strategic Growth Plan



**~\$200M\***

**Growth Above Market**

*Achieved by growing share of wallet 10bps  
with 140 largest customers by 2025*



**Focused  
Leadership**



**Targeted  
Investments**



**Digital Investments**



**Private Label Brand  
Expansion**

**Opportunity unlocked by deploying our proven model consistently**



# Greenfields to Deliver ~\$200M Sales Growth



Targeting consistent greenfield openings through 2025 and beyond

## MARKETS

Top 50 MSAs  
Residential Roofing  
Commercial Roofing  
Complementary

## TARGETS

65 GF locations being evaluated  
Actively progressing 17 GFs  
Expect to open at least 10 GFs/yr

## KEY CONSIDERATIONS

Customer locations  
Leverage OTC & Nat'l Accts  
M&A potential in market

## FINANCIAL IMPACTS

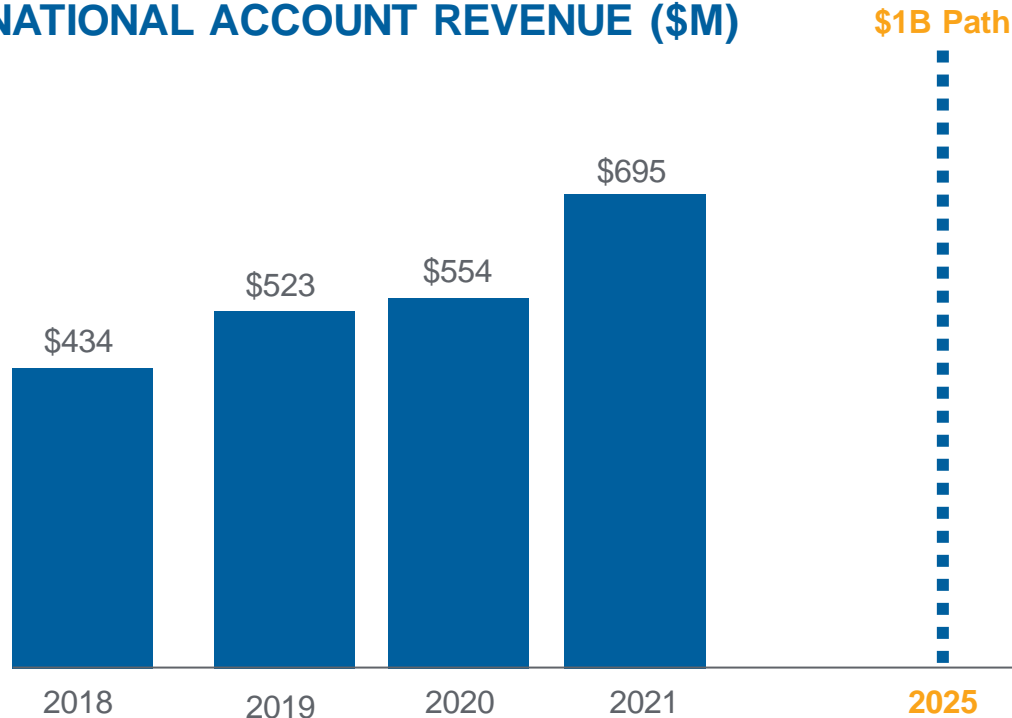
~\$200M in 2025 Sales  
~\$450M PF\* sales at maturity  
Drive to leadership economics

\* Estimated pro forma sales impact of 40 greenfield branches at their full maturity beyond 2025

Note: From Beacon Investor Day - February 2022

# National Accounts | Path to \$1B

## NATIONAL ACCOUNT REVENUE (\$M)



## BEACON ADVANTAGES

### Scale

- Focused, growing and specialized national sales team

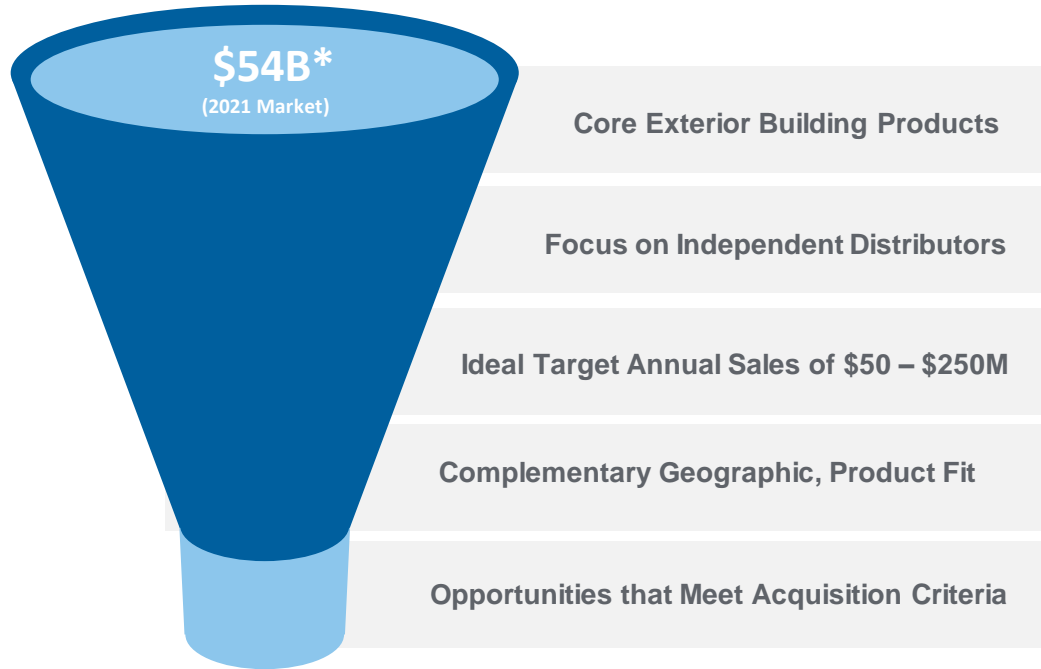
### Networked Model

- OTC model utilization

### Capabilities

- Digital integrations with core customers
- Fulfillment support teams

# Significant Opportunity to Drive Accretive M&A



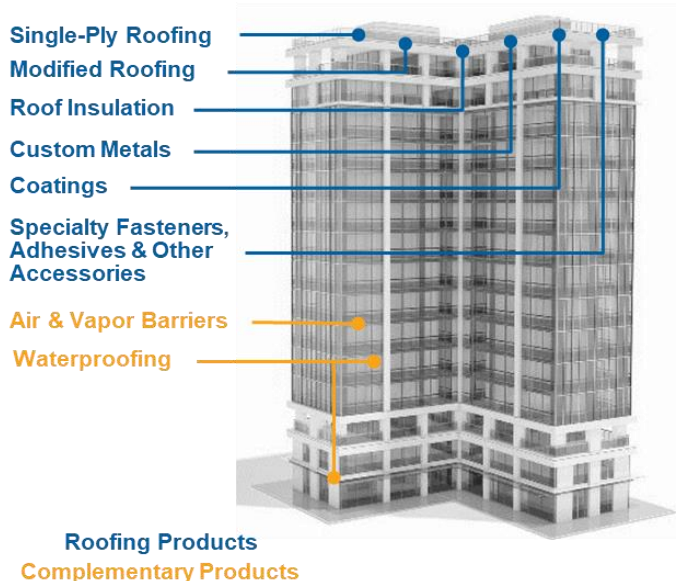
Yielding >\$100M of Adj. EBITDA in 2025

Dedicated M&A team driving pipeline, acquisition and integration

# Coastal Acquisition Completed November 1<sup>st</sup>, 2022

## Building Capabilities & Accelerating Growth

### Commercial & Multi-Family Roofing



### Market leadership with significant growth opportunity

- Creates a national value-added distributor of waterproofing and restoration solutions for the building envelope
- Waterproofing addressable market is estimated to be ~\$5B

### Enhanced value proposition to our core customers

- Ambition 2025 strategy highlighted Complementary Products growth opportunity, with specific emphasis on waterproofing
- Waterproofing, caulking, sealant and barrier products are essential to our commercial and multi-family roofing contractors

### Coastal recognized as a leading technical authority

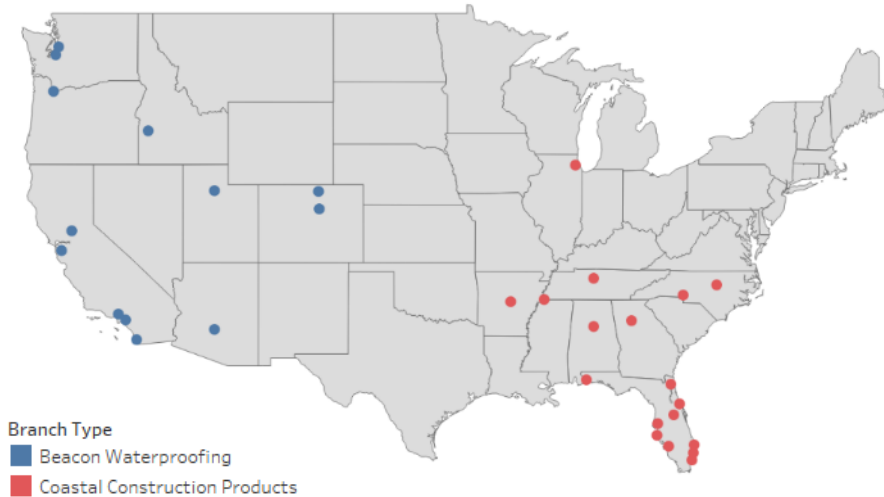
- Coastal's high performing team has specialized expertise
- Coastal's CEO to lead newly formed Waterproofing Division

*Strategic fit with core customers in line with Ambition 2025*

# Coastal Acquisition Completed November 1st, 2022

## Transaction Summary

### Specialty Waterproofing Footprint



### Key figures

- Est 2022 net sales of ~\$250M & EBITDA\* of ~\$25M
- Acquired 18 dedicated branches in key growth markets
- Focused mainly on commercial & multi-family buildings

### Significant top-line and bottom-line synergies

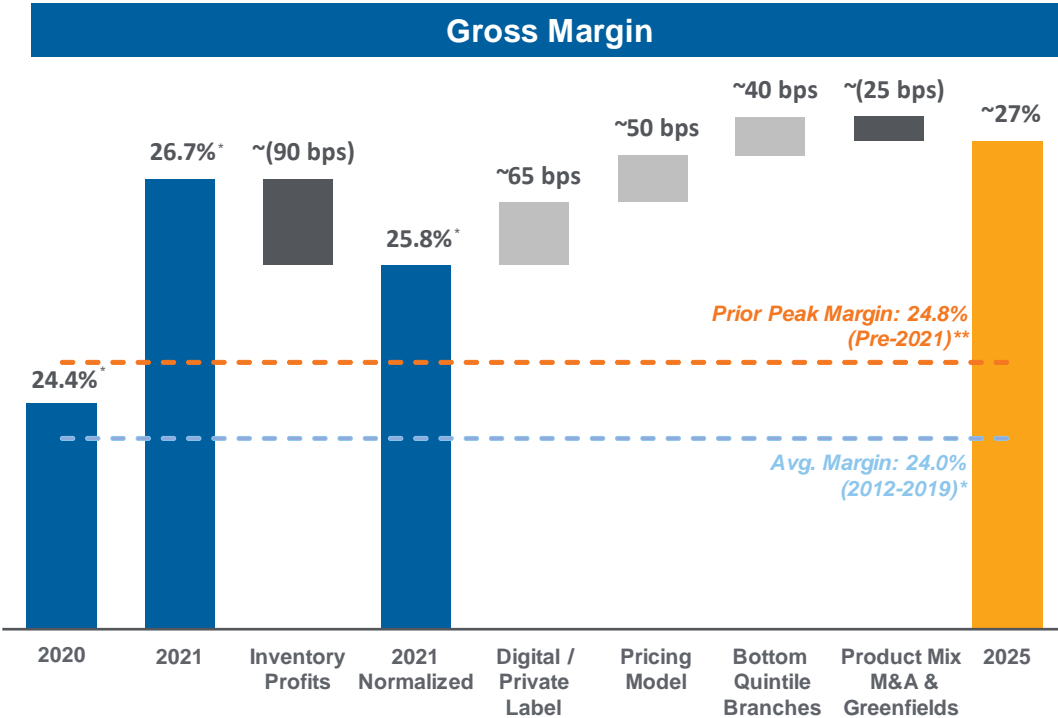
- Opportunities include cross-selling, OTC network, digital, procurement, private label and footprint expansion
- Proforma synergized multiple < Beacon trading multiple

### Retained financial flexibility

- Net debt leverage\*\* remains below 2.5x target

*Combination creates a national platform for accelerated growth in an attractive market*

# Initiatives Driving Gross Margin Improvement



## RECORD 2021 GROSS MARGIN PERFORMANCE

- 2021 reported GM% benefitted from ~90bps of inventory profits
- Normalized 2021 gross margins of 25.8%, ~100bps above prior peak

## INITIATIVES DRIVING INCREMENTAL GROSS MARGIN UPSIDE THROUGH 2025

- Strong digital sales growth
- Private label sales and product portfolio
- New pricing model
- Continuous improvement initiatives at bottom quintile branches

## MIX SHIFT IMPACT ON GROSS MARGIN

- Mix shift towards commercial roofing products driving modest margin reduction

## M&A / GREENFIELD IMPACT ON GROSS MARGIN

- Assumes below company average margins during integration / maturity phase for M&A and greenfields
- Future upside from M&A synergy realization / greenfield maturity

# Innovation & Integrations Drive Growth

## DIGITAL GROWTH RUNWAY

% Penetration of Overall Revenue through Digital Channel



Projected ~\$30M incremental Adj. EBITDA\* contribution in 2025

- Core Pro+ Growth by Solving Customer Needs
- Mobile the next game changer for digital adoption
- Leverage Key Integrations that drive volume tied to customer's daily process



- Long Term Goal: 50% of all sales digital

# Beacon Pricing Opportunity

## CURRENT STRENGTHS

- Highly competitive on key commodities
- Localized decision making
- Flexibility to enable system overrides
- Pricing integrated across all channels

## OPPORTUNITIES

- Aggregation of data across markets
- Customer segmentation
- Advanced analytics on local trends
- Price accuracy on mid to long tail items
- User experience for new hires



New technology to simplify branch operations and drive better margins

Beacon to implement new system in 2023 to deliver

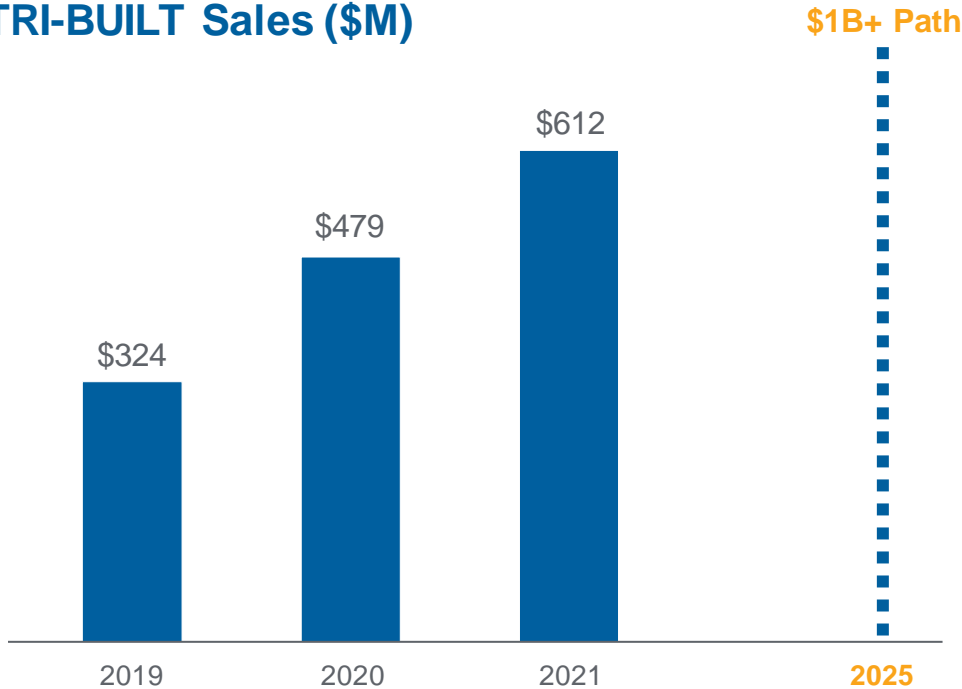
**+50bps**

Gross Margin Expansion



# TRI-BUILT Growth Plan

## TRI-BUILT Sales (\$M)



Projected >\$100M incremental adjusted EBITDA\* contribution in 2025

### RECORD RESULTS IN 2021

- Highest Daily Adoption | 51%
- 73% of customers ordered TRI-BUILT when purchasing in target categories
- >\$60M incremental Adj. EBITDA\*

### REVENUE

- Material Availability
- Consistent Quality
- Volume Planning

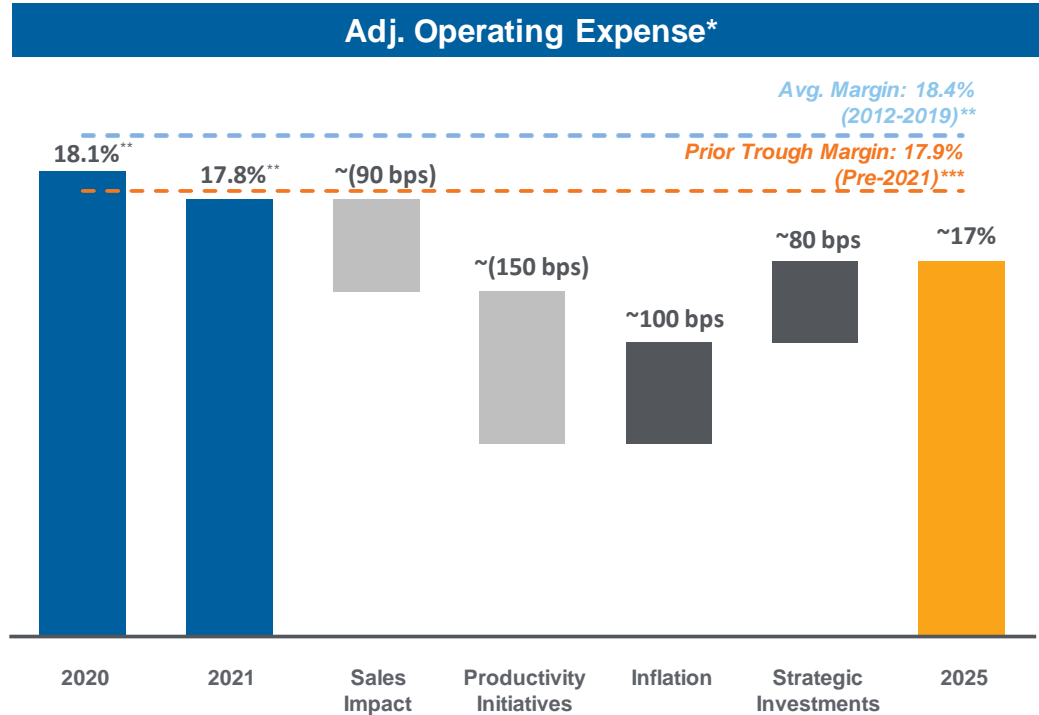
### ADOPTION

- Market Insights
- Value Engineering
- Marketing Scale

### MARGIN BENEFITS

Category range of +500-2,000 bps versus national brand alternative

# Initiatives Driving OpEx Improvement



## LEVERAGING EXISTING FIXED COST ACROSS ORGANIC GROWTH INITIATIVES

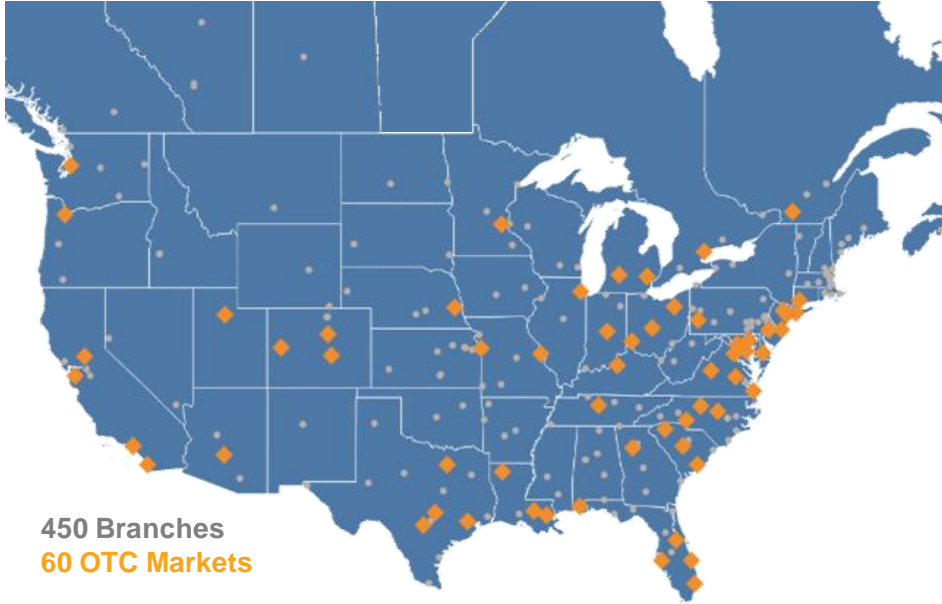
### PRODUCTIVITY INITIATIVES DRIVING IMPROVEMENTS THROUGH 2025

- Bottom quintile branch improvements
- Expansion of OTC network to minimize branch level overhead
- Enhanced service and digital offering
- Fleet investments to optimize utilization and improve fuel efficiency

### MODEST OFFSETS DUE TO INFLATION AND STRATEGIC INVESTMENTS

- Inflationary costs across personnel, lease & fuel costs
- Incremental salesforce and greenfield investments to drive growth
- Integration of M&A opportunities expected to be offset over time by synergy realization

# OTC Network & Branch Optimization Impact



OBJECTIVE	TARGET
Above Market Revenue Growth	Supports path to ~\$9B in sales in 2025
Working Capital Improvement	+0.5x turn increase worth \$50M - \$100M inventory reduction
Operating Expense Control	Operating Expense leverage of ~\$50M

Branch networking and optimization leads to leverage of scale and increased flexibility

# Continuing Value from Quintile Process

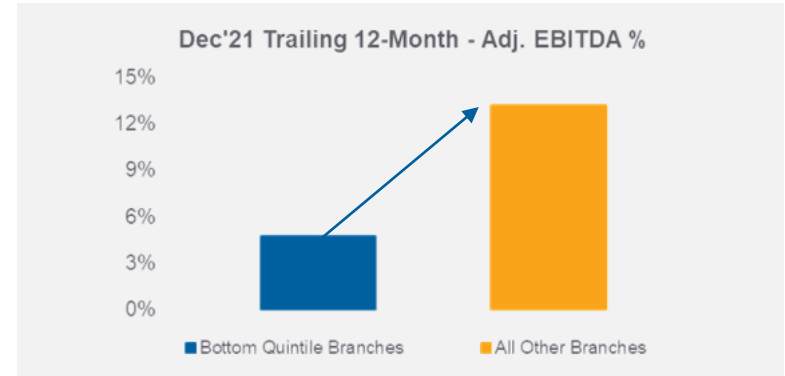
2020 – 2021 ACTUAL

~\$75M\*

- Sales increase of ~8%
- Gross Margin expansion ~180bps
- Adj. OpEx reduction ~200bps

... ADDITIONAL OPPORTUNITY

~\$75M\*\*



Process expected to result in additional ~\$75M improvement through 2025

# Executing Against the Plan

## ATTRACTIVE GROWTH TRAJECTORY

(2021 - 2025 CAGR Targets)



### Strong organic growth trajectory

- Market growth of ~2%
- Initiatives driving ~3% above market growth
- Above market growth achieved through investments in greenfields and sales organization

### Reacceleration of value-accretive M&A

- Driving ~3% increase to annual organic growth

## COMPELLING MARGIN TARGETS

(2025 Targets)



### Realizing benefits of new business model

- Use of tech-enabled pricing tools
- Driving bottom quintile improvements
- Growth in private label and digital segments

### Leveraging on-going platform growth

- Logistics and fleet management
- Continuous optimization of OTC model
- Realization of labor productivity initiatives

## STRONG CASH FLOW GENERATION

(2025 Targets)



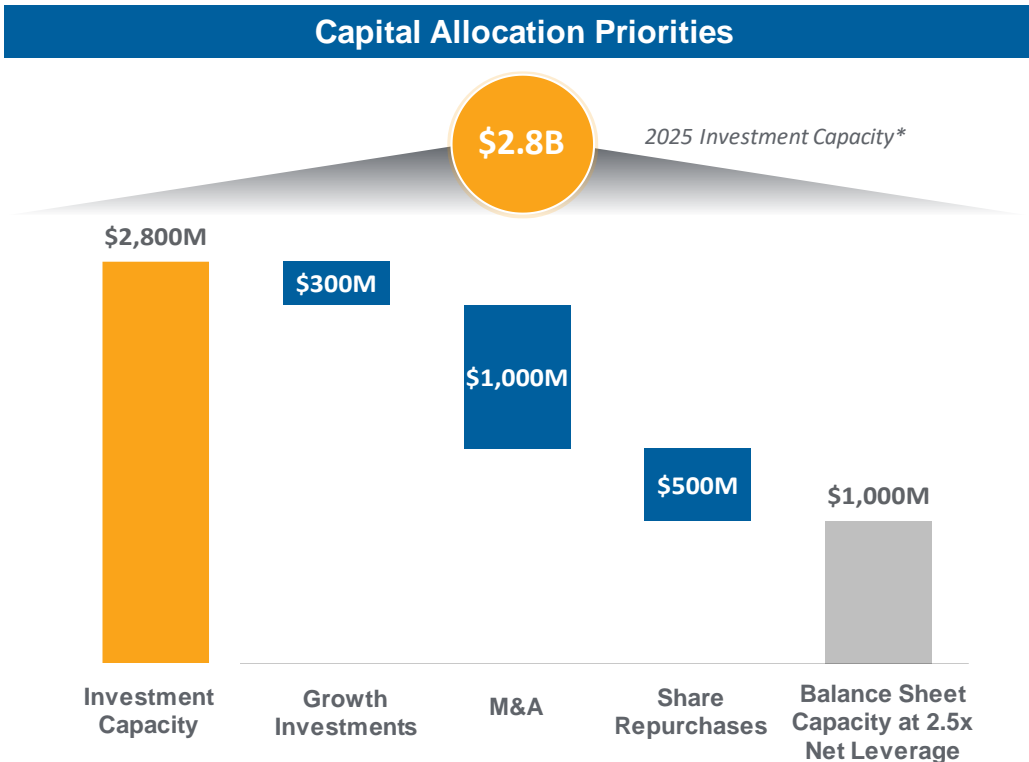
### Generating \$1.0B of Adj. EBITDA by 2025

### \$2.8B of Investment Capacity driving significant shareholder value\*

- Growth initiatives, fleet investments & greenfields
- Strategic M&A activity
- Share repurchase program
- Net leverage between 2.0 – 3.0x through 2025

### Retaining \$1.0B of balance sheet capacity enhancing strategic flexibility\*

# Levers to Deliver Value to All Stakeholders



## WITH \$2.8B OF INVESTMENT CAPACITY BY 2025, BEACON PLANS TO:

Support Adjusted EBITDA growth through investments in **digital, technology, fleet & branch efficiency initiatives**

Execute on **investments in greenfield opportunities**

Accelerate **value accretive acquisitions** to enhance growth

Return **\$500M** to shareholders through a **repurchase authorization**

Retain **\$1,000M in balance sheet** capacity to ensure strategic flexibility

Target **~2.5x net leverage** with +/- 0.5x operating flexibility

# Ambition 2025 Key Takeaways



## Refocused Business

- Refreshed values & ESG commitments
- Revitalized leadership team
- Track record of execution
- Accelerated profitable growth



## Multiple Drivers for Growth

- Large and attractive markets
- Significant non-discretionary demand
- Best-In-Class customer experience
- Positioned for above-market growth



## Enhancing Margins

- Digital focus
- Expansion of private label
- Pricing excellence
- Quintile methodology

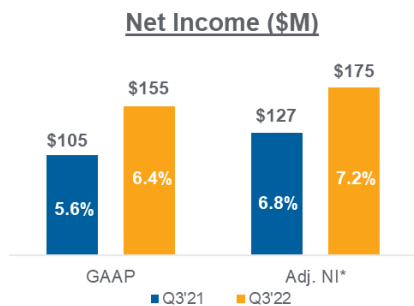


## Strategically Deploying Capital

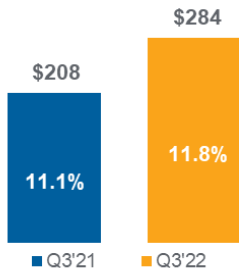
- Revitalized balance sheet, strong cash flow
- Increasing capex investments
- M&A and greenfield opportunities
- Actively returning capital to shareholders

Leveraging scale advantages, networked models, and specialized capabilities

# Q3'22 Recap



**Adj. EBITDA\* (\$M)**



## Highest quarterly net sales in history, up 29% YoY

- Total volumes increased mid-single digits YoY
- Higher volumes across all three LOBs; continued price execution

## Record third quarter net income and Adjusted EBITDA\*

- 11th straight quarter of YoY Adjusted EBITDA\* increases
- Trailing Twelve Month Adjusted EBITDA margin\* of 11%

## Volumes resilient despite recent rise in interest rates

- Steady commercial demand, easing supply chains unlocking backlog
- Resi growth supported by project completions, non-discretionary R&R
- Regional softness in some markets with significant new resi construction

## Capital allocation balancing growth and shareholder returns

- Announced acquisition of Coastal Construction Products on November 1<sup>st</sup>
- Expect to complete current \$250M ASR\*\* in the fourth quarter
- Continued balance sheet flexibility, ample capacity to invest

\*Non-GAAP measure; see Appendix for definition and reconciliation    \*\*Accelerated Share Repurchase

Notes: All quarterly information and comparisons reflect Continuing Operations which includes the Solar Products business divested on 12/1/21. Percentages within the bar charts represent each metric as a % of net sales.



# Ambition 2025 Initiatives – Building Momentum

## BUILDING A WINNING CULTURE

- Supporting employees post Hurricane Ian with Beacon CaReS crisis relief grants
- Rebuilding Together partnership activated by Beacon volunteers
- Recognized our 3,400 delivery team members during National Truck Driver Appreciation Week

## DRIVING ABOVE MARKET GROWTH

- Acquired Coastal Construction Products, significantly enhancing Complementary line of business
- Accelerated Greenfields; Opened 9 branches YTD with ~15 planned openings in '22
- National Accounts sales up 36% YTD
- Record quarterly net sales in digital & private label

## DRIVING OPERATIONAL EXCELLENCE

- Bottom Quintile Branch initiative generated ~\$32M bottom-line contribution YTD
- Investing in branch optimization programs, enhancing safety, capacity & energy efficiency
- Enhancing customer service, adding central dispatch to Beacon OTC® markets

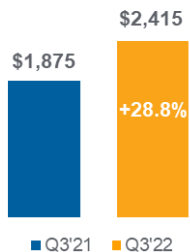
## CREATING SHAREHOLDER VALUE

- Drove 29% growth - highest quarterly net sales
- Record third quarter net income and Adj. EBITDA\*
- Repurchased and retired nearly 6M shares YTD
- Ample financial flexibility, net debt leverage\* of 2.0x as of 9/30

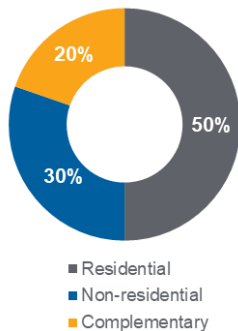
*On-track to achieve the targets set out in our Ambition 2025 strategy*

# Q3 2022 Sales and Mix

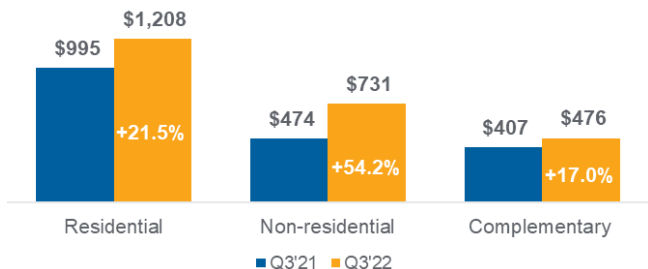
Net Sales (\$M)



Net Sales Mix



Net Sales by Line of Business (LOB) (\$M)



## Sales growth of ~29%

- Volume growth across all three LOBs, continued price execution
- Backlog converting sequentially, remains at a high level

## Residential sales up ~22%

- Re-roofing and units under construction continued to support demand
- Higher prices, including August increase, drove growth YoY
- Asphalt shingle volumes outpaced market, up low-single digits YoY

## Non-residential sales up ~54%

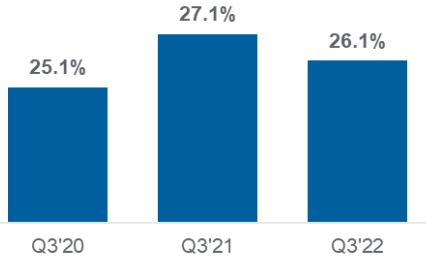
- Strong pricing execution offset significant non-res inflation
- Volume up mid-teens YoY supported by strong backlog
- Supply chain improving while project cycle times remain elevated

## Complementary sales up ~17%

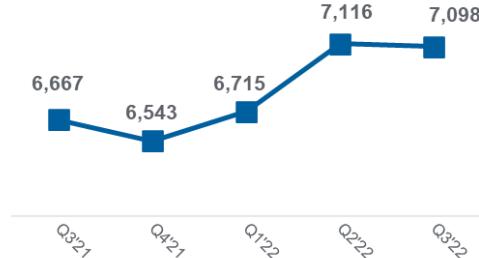
- Volume up mid-single digits YoY driven by siding and waterproofing
- Higher prices across nearly all product lines

# Q3 2022 Margin and Expense

## Gross Margin



## Headcount\*\*



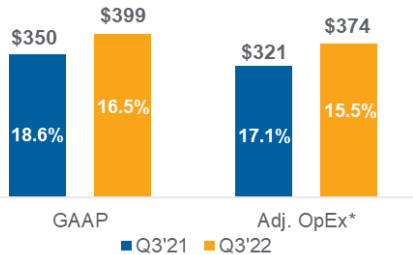
## Gross margin -100 bps YoY

- Price-cost down 60 bps YoY, better than expected
- Higher non-residential sales mix YoY

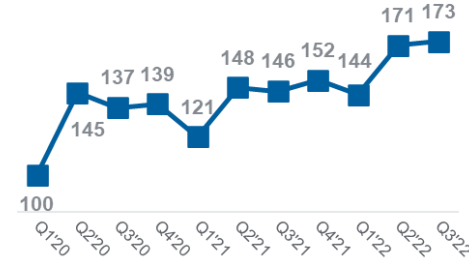
## Adj. OpEx\* % of sales favorable by 160 bps YoY, Adjusted OpEx\* +\$53M YoY

- Inflation in wages, fuel, rents, real estate taxes
- Higher variable expenses including delivery, fleet, commissions, incentive comp and T&E
- OpEx from newly opened and acquired branches

## Operating Expense (\$M)



## Sales Per Hour Worked\*\*\* (Indexed to Q1'20)



## Investing in Ambition '25

- Investing to drive growth & enhance margins
- Sales organization, customer experience, pricing tools and digital technology
- M&A and Greenfield teams executing

\*Non-GAAP measure; see Appendix for definition and reconciliation \*\*Headcount does not include acquisitions

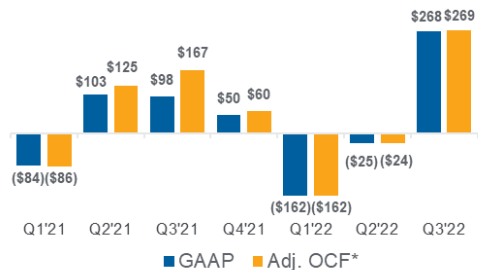
\*\*\*Hours worked reflect all company-wide hourly employees, but excludes salaried/commission-based personnel

Notes: All quarterly information and comparisons reflect Continuing Operations.

Percentages within the bar charts represent each metric as a % of net sales.

# Capacity to Invest in Growth

**Operating Cash Flow (\$M)**



**Net Inventory (\$M)\*\***



## Strong Q3'22 cash generation

- Inventory decreased \$160M from Q2 level; YoY increase largely driven by inflation
- Backlog conversion accelerated, remains elevated

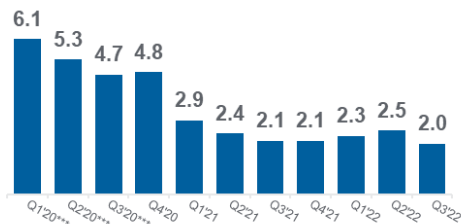
## Prudent balance sheet management

- Net debt leverage\* 2.0x at 9/30
- ~\$1.1B liquidity as of 9/30 quarter end

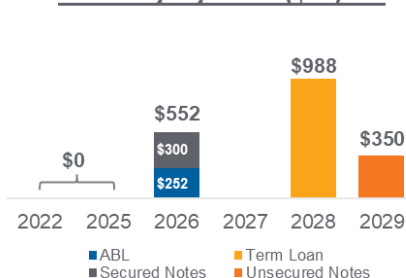
## Balanced capital allocation remains priority

- Accelerating strategic investments in Greenfields
- ~\$112M remaining on \$500M share repurchase authorization following completion of current ASR
- Acquisition pipeline remains active

**Net Debt Leverage\***



**Q3'22 Proforma Debt Maturity by Year (\$M)\*\*\*\***



**Investing in value-creating opportunities to achieve Ambition 2025 goals**

\*Non-GAAP measure; see Appendix for definition and reconciliation

\*\*All periods presented are balances from continuing operations only

\*\*\*Calculation for these periods include amounts derived from combined operations – see Appendix for further detail

\*\*\*\*Maturities shown as of Q3'22; excl impact of debt issuance cost amortization & required \$10M annual paydown of 2028 Term Loan

# Q3'22 Earnings Call – Closing Thoughts

## Expect market fundamentals to be mixed, with stable near-term demand

- Mortgage rates impacting new housing starts
- Non-discretionary repair, restoration & re-roofing represents significant portion of demand
- Sentiment in commercial roofing remains positive, indicative of expected near-term activity
- Hurricane Ian impact expected over next 4 – 6 quarters

## Expect solid finish to 2022 incl the benefits of the 11/1 acquisition of Coastal Construction Products

- October 2022 sales per day up high 20s%
- Q4'22 sales per day\* expected to be up ~15 – 17% YoY including ~\$35M contribution from Coastal
- Assumes normal fourth quarter seasonality while lapping record November and December results
- Q4'22 gross margins expected to be 25.0 – 25.5%
- Expect significant cash flow conversion in Q4'22

## Increasing Full Year 2022 Adjusted EBITDA\*\* Expectations to approximately \$885 – \$910M

- Focused on controllable areas: daily execution on customer experience, operational excellence and pricing
- Balancing product availability and inventory reduction as well as productivity focus and investing for growth
- 2022 sales outlook 23 – 25% growth YoY

## Executing on Ambition 2025 targets and investing through the cycle

- Beacon team remains ready to react to changing market conditions

*Beacon is delivering on our Ambition 2025 plan*

# APPENDIX

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# Reconciliations: Non-GAAP Financial Measures

## RESULTS BY QUARTER (CONTINUING OPERATIONS)

(SM)	Three Months Ended										
	3/31/2020	6/30/2020	9/30/2020	12/31/2020	3/31/2021	6/30/2021	9/30/2021	12/31/2021	3/31/2022	6/30/2022	9/30/2022
Net sales	\$ 1,197.1	\$ 1,549.3	\$ 1,755.0	\$ 1,576.5	\$ 1,318.0	\$ 1,872.1	\$ 1,875.4	\$ 1,754.9	\$ 1,686.9	\$ 2,358.2	\$ 2,415.2
Gross profit	\$ 270.4	\$ 368.7	\$ 441.3	\$ 399.7	\$ 332.8	\$ 517.4	\$ 507.8	\$ 461.6	\$ 439.5	\$ 650.2	\$ 630.2
Gross margin %	22.6%	23.8%	25.1%	25.4%	25.3%	27.6%	27.1%	26.3%	26.1%	27.6%	26.1%
<b>Adjusted Operating Expense</b>											
Operating expense	\$ 446.0	\$ 293.5	\$ 324.9	\$ 304.6	\$ 310.0	\$ 336.6	\$ 349.7	\$ 355.2	\$ 348.2	\$ 395.8	\$ 398.8
Acquisition costs	(28.4)	(32.6)	(31.9)	(26.6)	(25.9)	(26.0)	(25.9)	(22.6)	(21.9)	(23.2)	(23.5)
Restructuring costs*	(143.5)	(1.0)	(0.4)	(1.9)	(5.3)	(1.6)	(2.8)	(25.2)	(1.7)	(2.9)	(1.4)
COVID-19 impacts	—	(3.4)	(0.8)	(0.3)	(0.5)	(0.4)	(0.4)	(1.0)	(1.4)	(0.1)	(0.2)
Adjusted Operating Expense	\$ 274.1	\$ 256.5	\$ 291.8	\$ 275.8	\$ 278.3	\$ 308.6	\$ 320.6	\$ 306.4	\$ 323.2	\$ 369.6	\$ 373.7
Operating expense % of sales	37.3%	18.9%	18.5%	19.3%	23.5%	18.0%	18.6%	20.2%	20.7%	16.8%	16.5%
Adjusted Operating Expense % of sales	22.9%	16.6%	16.6%	17.5%	21.1%	16.5%	17.1%	17.5%	19.2%	15.7%	15.5%
<b>Adjusted EBITDA</b>											
Net income (loss) from continuing operations	\$ (121.4)	\$ (4.1)	\$ 68.2	\$ 47.4	\$ (10.5)	\$ 79.8	\$ 104.5	\$ 68.1	\$ 55.8	\$ 174.5	\$ 154.8
Interest expense, net	35.6	35.4	32.7	31.3	29.5	23.1	17.1	17.0	17.2	19.1	23.6
Income taxes	(77.9)	44.1	16.9	17.7	(4.8)	27.1	37.3	20.9	18.9	61.0	53.8
Depreciation and amortization*	183.2	45.0	43.9	39.4	42.2	40.3	40.3	38.7	38.9	40.4	40.9
Stock-based compensation	4.4	3.3	3.5	3.8	4.2	5.5	4.9	2.8	5.1	8.0	7.9
Acquisition costs	(2.8)	1.6	1.8	1.1	0.6	0.7	0.9	0.4	0.5	1.7	1.6
Restructuring costs	1.0	1.9	1.2	1.9	12.6	52.5	2.7	25.2	1.7	2.9	1.4
COVID-19 impacts	—	3.4	0.8	0.3	0.5	0.4	0.4	1.0	1.4	0.1	0.2
Adjusted EBITDA	\$ 22.1	\$ 130.6	\$ 169.0	\$ 142.9	\$ 74.3	\$ 229.4	\$ 208.1	\$ 174.1	\$ 139.5	\$ 307.7	\$ 284.2
Net income (loss) % of sales	(10.1%)	(0.3%)	3.9%	3.0%	(0.8%)	4.3%	5.6%	3.9%	3.3%	7.4%	6.4%
Adjusted EBITDA % of sales	1.8%	8.4%	9.6%	9.1%	5.6%	12.3%	11.1%	9.9%	8.3%	13.0%	11.8%

We define Adjusted Operating Expense as operating expense (as reported on a GAAP basis) excluding the impact of amortization, acquisition costs, restructuring costs, and costs directly related to the COVID-19 pandemic.

We define Adjusted EBITDA as net income (loss) from continuing operations excluding the impact of interest expense (net of interest income), income taxes, depreciation and amortization, stock-based compensation, acquisition costs, restructuring costs, and costs directly related to the COVID-19 pandemic.

Trailing twelve month (TTM) Adjusted EBITDA for 9/30/2022 of \$905.5 divided by TTM net sales of \$8,215.2 results in TTM Adjusted EBITDA margin of 11.0%.

\* Three months ended 3/31/2020 amount includes the impact of non-cash accelerated intangible asset amortization of \$142.6 million related to the write-off of certain trade names in connection with the Company's rebranding efforts.

# Reconciliations: Non-GAAP Financial Measures

## ADJUSTED OPERATING CASH FLOW

<i>(\$M)</i>	Three Months Ended						
	<u>3/31/2021</u>	<u>6/30/2021</u>	<u>9/30/2021</u>	<u>12/31/2021</u>	<u>3/31/2022</u>	<u>6/30/2022</u>	<u>9/30/2022</u>
Net cash provided by (used in) operating activities	\$ (84.0)	\$ 102.7	\$ 98.4	\$ 49.6	\$ (162.0)	\$ (25.0)	\$ 268.2
Operating cash flows used in discontinued operations	21.8	—	—	—	—	—	—
Income taxes paid related to Interior Products divestiture	3.3	43.3	16.7	9.9	—	—	—
Cash (collected) repaid on behalf of FBM*	(27.3)	(20.8)	52.0	0.1	(0.4)	1.5	0.9
Adjusted Operating Cash Flows	<u>\$ (86.2)</u>	<u>\$ 125.2</u>	<u>\$ 167.1</u>	<u>\$ 59.6</u>	<u>\$ (162.4)</u>	<u>\$ (23.5)</u>	<u>\$ 269.1</u>

We define Adjusted Operating Cash Flow as net cash provided by (used in) operating activities (as calculated on a GAAP basis) excluding the impact of discontinued operations and other non-recurring cash activity related to the Company's divestiture of its Interior Products business to Foundation Building Materials ("FBM").

\* Net cash collected on behalf of, and repaid to, FBM as part of the ongoing transaction services agreement.



# Reconciliations: Non-GAAP Financial Measures

## NET DEBT LEVERAGE

(\$M)	3/31/2020	6/30/2020	9/30/2020	12/31/2020	3/31/2021	6/30/2021	9/30/2021	12/31/2021	3/31/2022	6/30/2022	9/30/2022
Gross total debt	\$ 3,576.8	\$ 3,419.8	\$ 2,818.3	\$ 2,714.7	\$ 2,135.5	\$ 1,663.2	\$ 1,660.0	\$ 1,657.8	\$ 1,807.8	\$ 2,123.5	\$ 1,905.3
Less: cash and cash equivalents	(781.2)	(1,018.4)	(624.6)	(461.4)	(619.3)	(188.9)	(260.0)	(225.8)	(52.4)	(54.6)	(84.9)
Net debt	\$ 2,795.6	\$ 2,401.4	\$ 2,193.7	\$ 2,253.3	\$ 1,516.2	\$ 1,474.3	\$ 1,400.0	\$ 1,432.0	\$ 1,755.4	\$ 2,068.9	\$ 1,820.4
Adjusted EBITDA* for the quarter ended:											
6/30/2019	\$ 157.8	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
9/30/2019	169.1	169.1	—	—	—	—	—	—	—	—	—
12/31/2019	94.3	94.3	94.3	—	—	—	—	—	—	—	—
3/31/2020	38.9	38.9	38.9	22.1	—	—	—	—	—	—	—
6/30/2020	—	147.5	147.5	130.6	130.6	—	—	—	—	—	—
9/30/2020	—	—	190.9	169.0	169.0	169.0	—	—	—	—	—
12/31/2020	—	—	—	142.9	142.9	142.9	142.9	—	—	—	—
3/31/2021	—	—	—	—	74.3	74.3	74.3	74.3	—	—	—
6/30/2021	—	—	—	—	—	229.4	229.4	229.4	229.4	—	—
9/30/2021	—	—	—	—	—	—	208.1	208.1	208.1	208.1	—
12/31/2021	—	—	—	—	—	—	—	174.1	174.1	174.1	174.1
3/31/2022	—	—	—	—	—	—	—	—	139.5	139.5	139.5
6/30/2022	—	—	—	—	—	—	—	—	—	307.7	307.7
9/30/2022	—	—	—	—	—	—	—	—	—	—	284.2
TTM Adjusted EBITDA	\$ 460.1	\$ 449.8	\$ 471.6	\$ 464.6	\$ 516.8	\$ 615.6	\$ 654.7	\$ 685.9	\$ 751.1	\$ 829.4	\$ 905.5
Net Debt Leverage	6.1x	5.3x	4.7x	4.8x	2.9x	2.4x	2.1x	2.1x	2.3x	2.5x	2.0x

We define Net Debt Leverage as gross total debt less cash, divided by Adjusted EBITDA for the trailing four quarters.

\* Historical quarterly Adjusted EBITDA totals used in the calculation of Net Debt Leverage are presented on an as-reported basis, therefore the calculations for the periods ended March 31, June 30, and September 30, 2020 are based on Adjusted EBITDA from combined operations (see slide 40 for reconciliations). Beginning with the period ended December 31, 2020, the Company began presenting its Interior Products business as discontinued operations, therefore the calculations of Net Debt Leverage for the periods ended December 31, 2020 and forward are based on Adjusted EBITDA from continuing operations (see slide 37 for reconciliations).

# Reconciliations: Non-GAAP Financial Measures

## CERTAIN 2019-2020 RESULTS BY FISCAL QUARTER (COMBINED OPERATIONS)

(\$M)	Three Months Ended					
	6/30/2019	9/30/2019	12/31/2019	3/31/2020	6/30/2020	9/30/2020
Net income (loss)	\$ 31.0	\$ 27.4	\$ (23.4)	\$ (122.6)	\$ (6.7)	\$ 71.9
Interest expense, net	40.2	38.4	34.7	35.6	35.3	32.7
Income taxes	5.2	20.8	(9.6)	(81.8)	46.6	18.1
Depreciation and amortization*	69.4	69.5	63.9	204.9	61.8	60.6
Stock-based compensation	4.6	3.5	5.2	4.7	3.5	3.8
Acquisition costs	5.7	3.8	3.8	(2.8)	1.6	1.8
Restructuring costs	1.7	5.7	19.7	0.9	2.0	1.2
COVID-19 impacts	—	—	—	—	3.4	0.8
Adjusted EBITDA (Combined)	<u>\$ 157.8</u>	<u>\$ 169.1</u>	<u>\$ 94.3</u>	<u>\$ 38.9</u>	<u>\$ 147.5</u>	<u>\$ 190.9</u>

This table is presented for purposes of reconciling Adjusted EBITDA amounts utilized in the calculation of Net Debt Leverage for historical periods presented on slide 39.

We define Adjusted EBITDA as net income (loss) excluding the impact of interest expense (net of interest income), income taxes, depreciation and amortization, stock-based compensation, acquisition costs, restructuring costs, and costs directly related to the COVID-19 pandemic.

\* Three months ended 3/31/2020 amount includes the impact of non-cash accelerated intangible asset amortization of \$142.6 million related to the write-off of certain trade names in connection with the Company's rebranding efforts.

# Reconciliations: Non-GAAP Financial Measures

## 2022 GUIDANCE: ADJUSTED EBITDA

(\$M)	Year Ending December 31, 2022	
	Low	High
Net income (loss)	\$ 445	\$ 463
Income taxes	155	162
Interest expense, net	88	
Depreciation and amortization	156	
Stock-based compensation	27	
Adjusting items*	14	
Adjusted EBITDA	<u>\$ 885</u>	<u>\$ 910</u>

\*Composed of Acquisition costs, Restructuring costs and COVID-19 impacts

