



Beacon

Beacon Presents

INVESTOR DAY 2018

December 13 | New York City

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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 as well as Company's latest Form 8-K, filed with the SEC on November 19, 2018.

MORNING AGENDA

- COMPANY OVERVIEW & STRATEGY
Paul Isabella, President & Chief Executive Officer
- DIGITAL PLATFORM & KEY GROWTH INITIATIVES
Eric Swank, Executive VP & Chief Commercial Officer
- BRANCH OPERATIONS OPPORTUNITY
John McLaughlin, President, Northeast & Canada Division
- Q&A



BUILDING BLOCKS FOR PROFITABLE GROWTH

Product | Channel | Digital

PAUL ISABELLA

President & Chief Executive Officer



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 CUTOMER 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 STRONG HISTORY



A leader in key metropolitan markets

- **548** 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

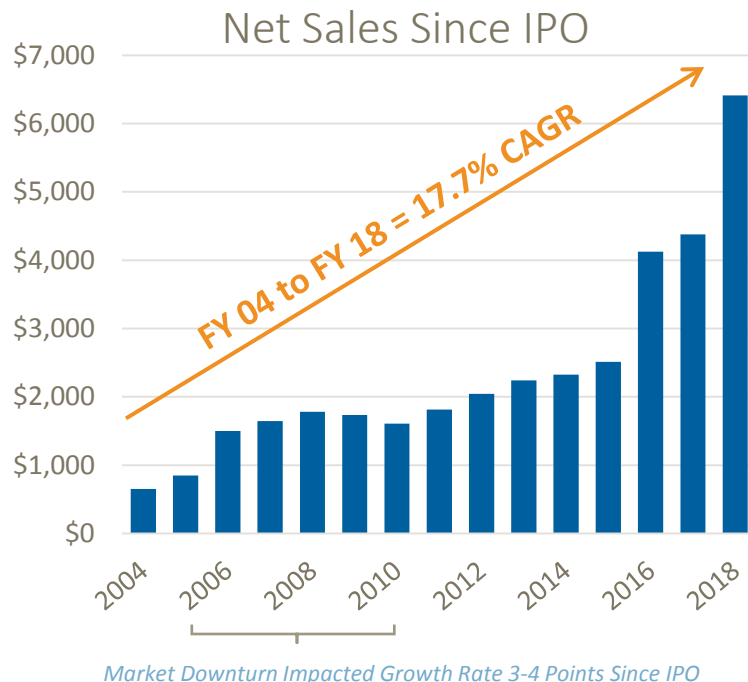
- Sales CAGR = **17.7%**
- Adjusted EBITDA CAGR = **17.3%**
- Adjusted EBITDA Margin Average = **7.6%**



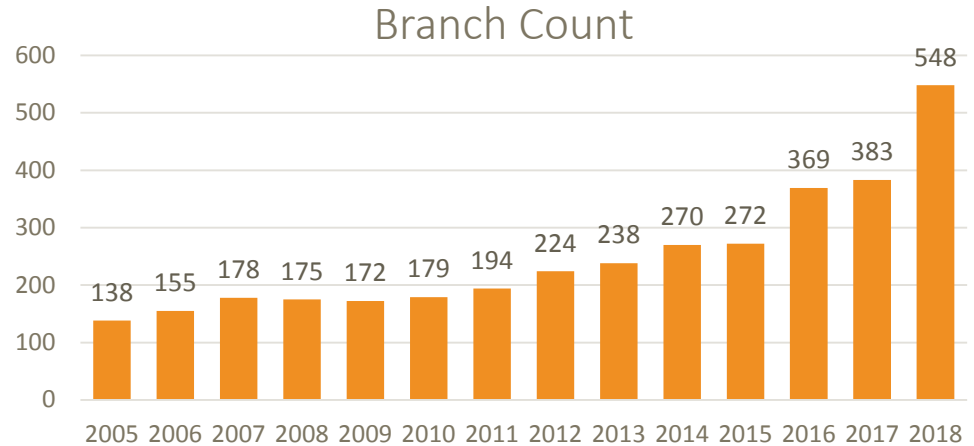
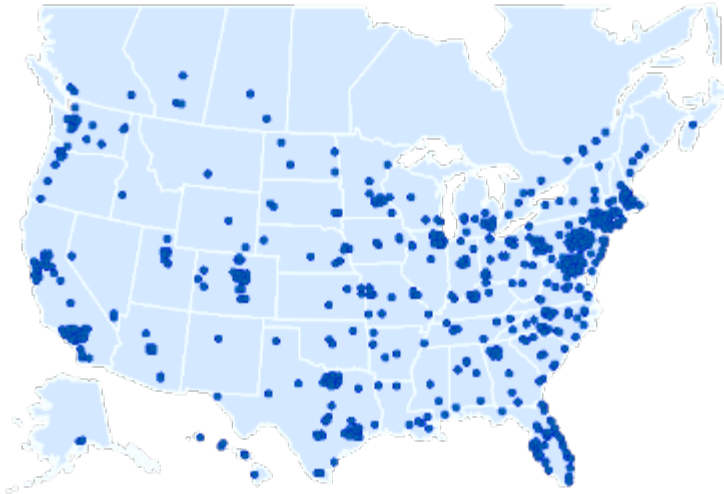
Rapid growth since 2004 IPO

- Opened **82** new greenfield locations
- Completed **46** acquisitions

**Branch numbers as of October 31, 2018*



SUBSTANTIAL, GROWING GEOGRAPHIC BASE



REPAIR & REMODEL LEADS THE WAY

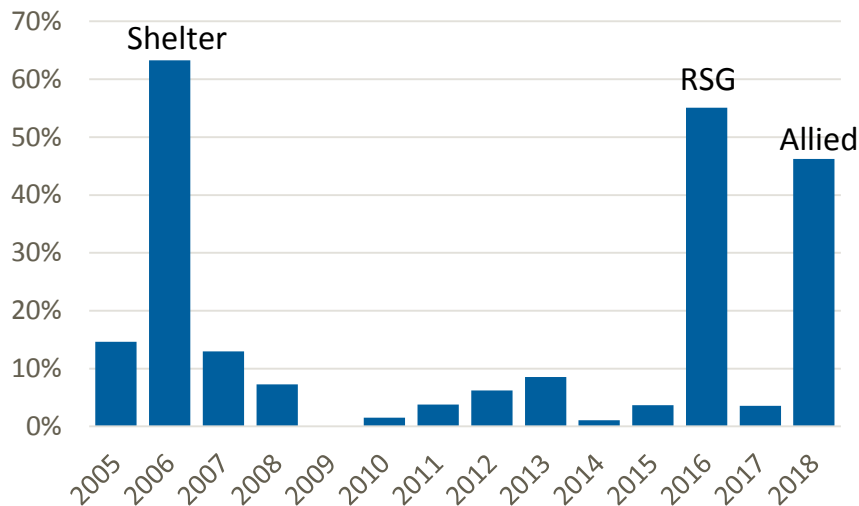
- ▶ Repair and remodel (R&R) market remains the key driver to Beacon demand
- ▶ Exteriors business is ~75-80% driven by R&R activity, while interiors is at ~50%
- ▶ Commercial re-roofing represents more predictable R&R activity with limited deferrals

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

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

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

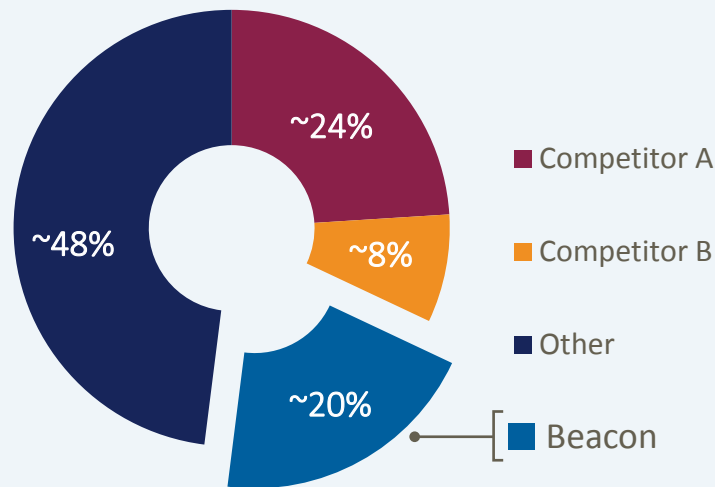
- Estimated market size over \$30 billion
- Fragmented with diverse markets and channels to customers
- Pro-forma sales of \$1.4 billion



INTERIOR PRODUCTS

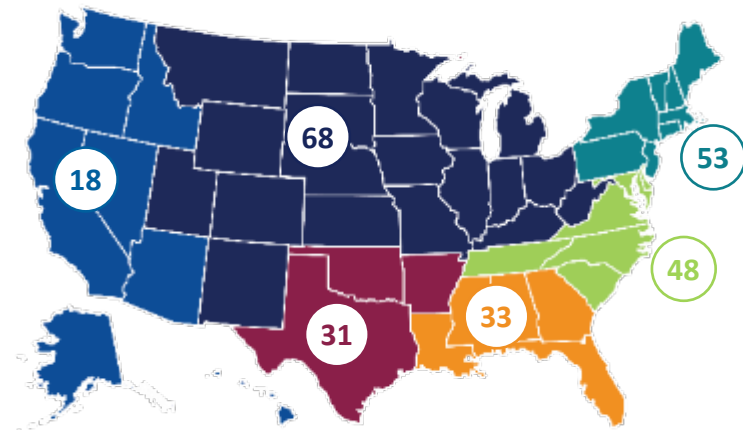
- Estimated market size of greater than \$15B
- 4th largest, but a leader in served geographies
- Pro-forma sales of \$1.0 billion

Roofing Products Market Share

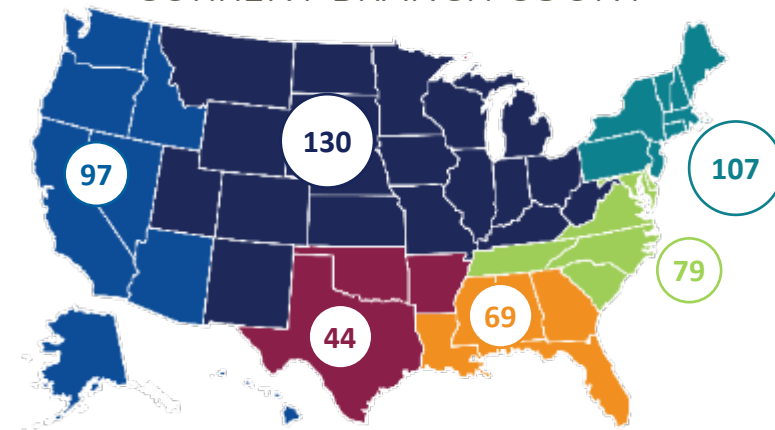


FY2016-2018 | BEACON'S TRANSFORMATION

PRE-RSG BRANCH COUNT



CURRENT 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*

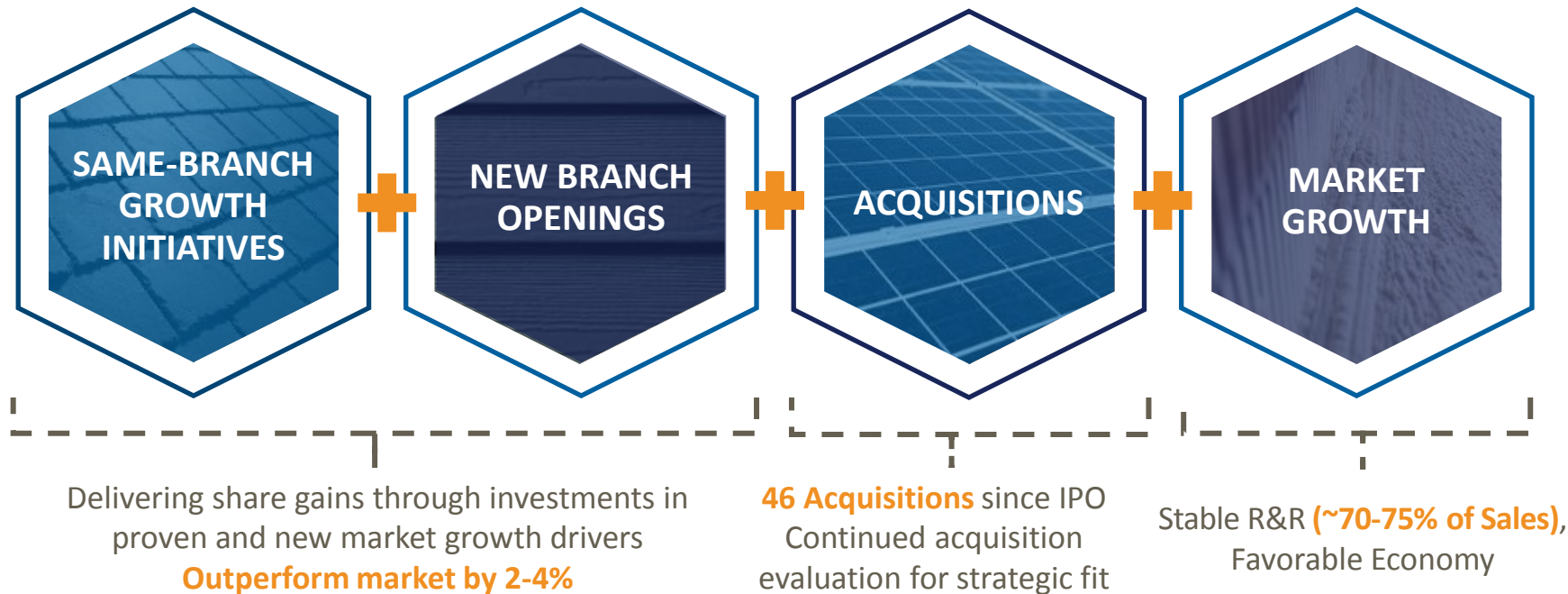
POSITIONED TO WIN: 5 YEAR HORIZON



BUILDING BLOCKS OF GROWTH

Source: Company Estimates

Proven Execution to Continue



KEY GROWTH DRIVERS

Roofing remains our core business enhanced by growth enablers such as digital, private label and cross-selling

DIGITAL OFFERING

BEACON PRO+
ONLINE ACCOUNT ACCESS



**BEACON
3D+**



DELIVERY
TRACKING



PRIVATE LABEL

TR4BUILTTM

COMPLEMENTARY

Interior | Siding | Windows
Waterproofing | Insulation

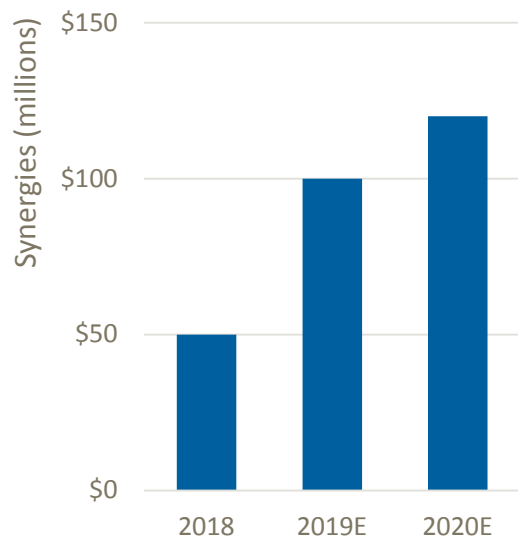
ADDITIONAL COMPLEMENTARY PRODUCTS PLATFORMS

	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

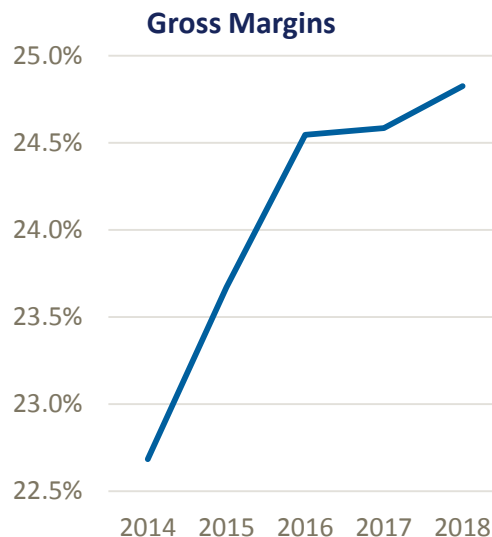
Source: Company Estimates

OPERATIONAL EXCELLENCE

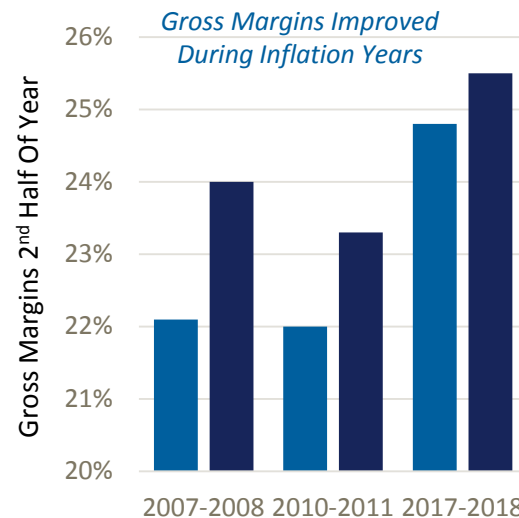
Allied Integration Synergies



Successful Product Inflation Recovery



Improved Procurement & Pricing Processes



STRONG INVESTMENT THESIS

- 
- A close-up, slightly blurred photograph of a person's hand pointing with their index finger at a document. The hand is wearing a grey sock and a blue wristband. The document has some text and a small graphic. The background is dark and out of focus.
- ✓ Great industry and we are 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



BUILDING BLOCKS FOR PROFITABLE GROWTH

ERIC SWANK

Executive VP & Chief Commercial Officer



PRESENTATION OVERVIEW

- INTRODUCTION
- VISION FOR GROWTH
- MULTI-CHANNEL APPROACH
- PRIVATE LABEL EXPANSION
- PRICING STRATEGY
- SELLING EFFECTIVENESS
- WHY PROS CHOOSE BEACON

INTRODUCTION

Delivering Customer Solutions That Matter

Eric Swank

EVP & Chief Commercial Officer

**SALES &
MARKETING**

**PRODUCT
MANAGEMENT**

ECOMMERCE

**PRIVATE
LABEL**

PRICING



VISION FOR GROWTH

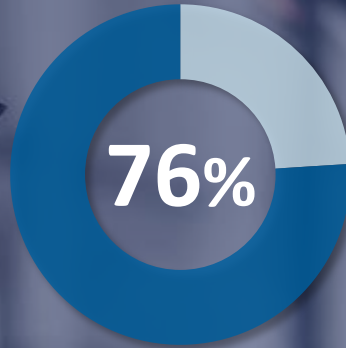
*To be the **EASIEST** Distributor
in The World to Work With*

OUR INDUSTRY IS CHANGING

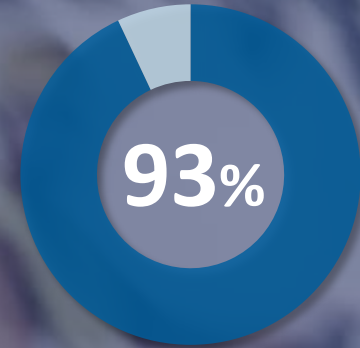
We Don't Just Go Online... We Live Online



49% of Contractors
Purchase Online
Every Week



76% of Contractors
Purchase Online
at Least Monthly



93% of Homebuilders
Purchase Online
Monthly

Source: ProSales Magazine, Sept. 2018

VOICE OF THE CUSTOMER

// Provide A UPS Like Delivery Experience

// Give Me The Ability To Place Orders Anytime & Anywhere

// Help Make My Team Efficient

// Give Me A Competitive Advantage
When Selling At The Kitchen Table

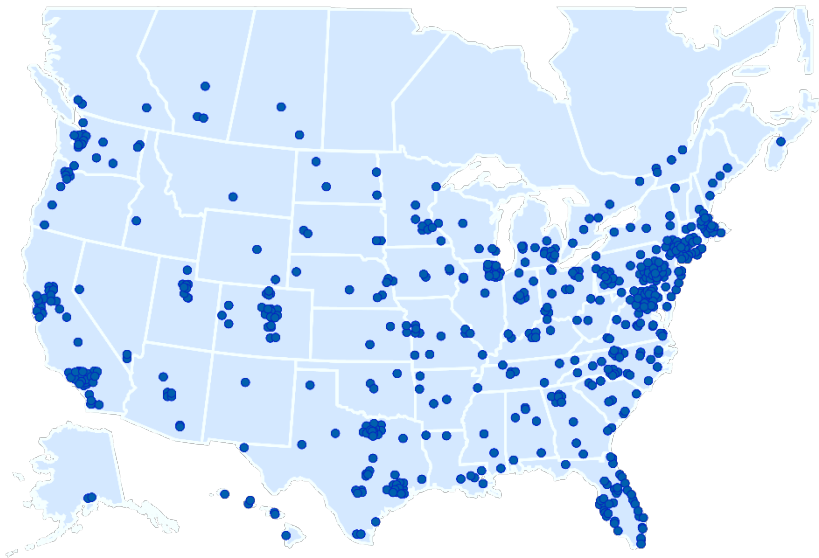


CUSTOMER FEEDBACK IS
THE DRIVING FORCE BEHIND
OUR INVESTMENTS

MULTI-CHANNEL APPROACH

Expanded Market Presence and Industry Leading Multi-Channel Experience

548 Branch Locations



Pro+ Digital Suite



82%

B2B buyers say personalized customer care has a moderate to major influence on their loyalty

Source: Salesforce, December 2017

BEACON BENEFITS

Driving Customer Value Through A Differentiated Offering

SAVE TIME

BE MORE PRODUCTIVE THROUGH
OUR VAST NETWORK

*All 50 States & 6 Canadian Provinces
3,000 Trucks & 8,700 Team Members*



EXTERIORS



Roofing



Windows



Siding



Solar



INTERIORS



Wallboard



Ceiling



Insulation



MANAGE YOUR WORK MORE EFFICIENTLY

UTILIZE OUR BEACON PRO+ DIGITAL SUITE



ENHANCE YOUR BUSINESS

ENJOY THE BEACON ADVANTAGE



Real-Time Storm Activity



Expedited Measures,
Homeowner Engagement



HOMEOWNER
FINANCING

REBATE
TRACKING

CONTRACTOR
MARKETING

A man and a woman are looking at a tablet together in what appears to be a warehouse or industrial setting. The man is wearing glasses and a cardigan over a plaid shirt, and the woman is wearing a dark top. They are both focused on the screen of the tablet. The background is slightly blurred, showing shelves and industrial equipment.

CUSTOMER TESTIMONIAL VIDEO

Real-World Examples of Our Digital Platform in Action

KEY FEATURES OF BEACON PRO+



24/7 Access



Time Savings / Efficiency



Improved Order Accuracy



Greater Visibility & Access to Products in Your Market



Quick, Easy & Paperless



KEY FEATURES OF BEACON 3D+



Higher Close Rates



Decreased Estimating & Material List Build Time



Increased Average Revenue Per Job



Increased Number of Estimates Per Day



KEY FEATURES OF DELIVERY TRACKING



Advanced Notice of Scheduled Delivery



Real Time Delivery Notifications



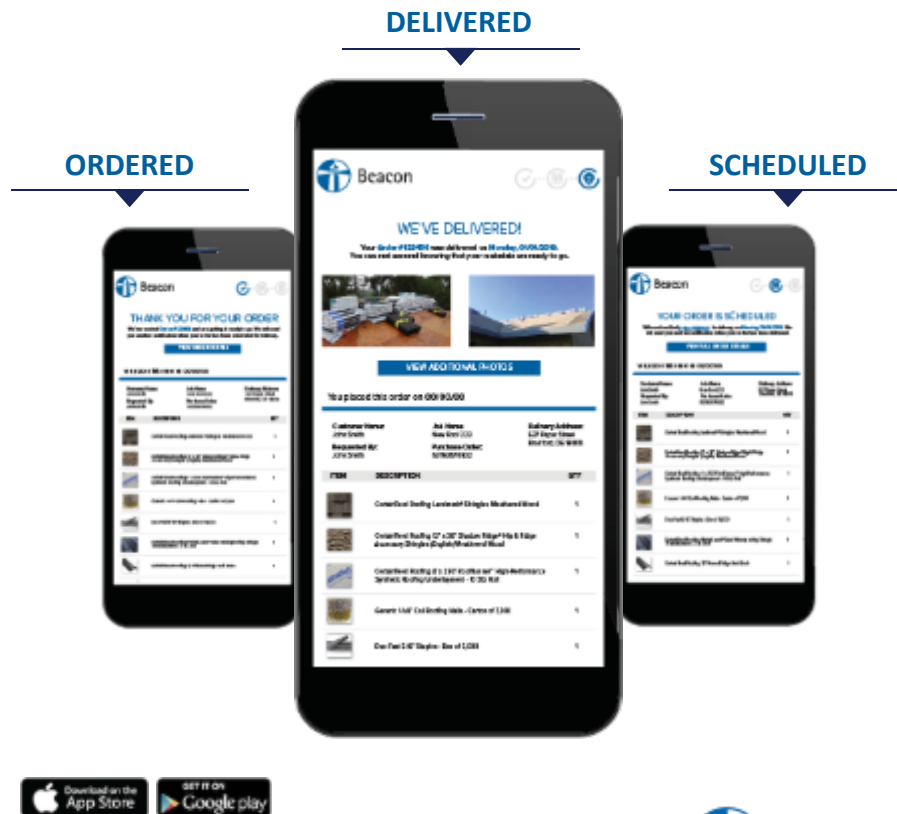
Photos of Delivered Material



Less Time Waiting / More Time Working



Manage Multiple Orders Simultaneously



PRIVATE LABEL EXPANSION

Beacon's High Quality Brand of Products That Deliver Professional Results

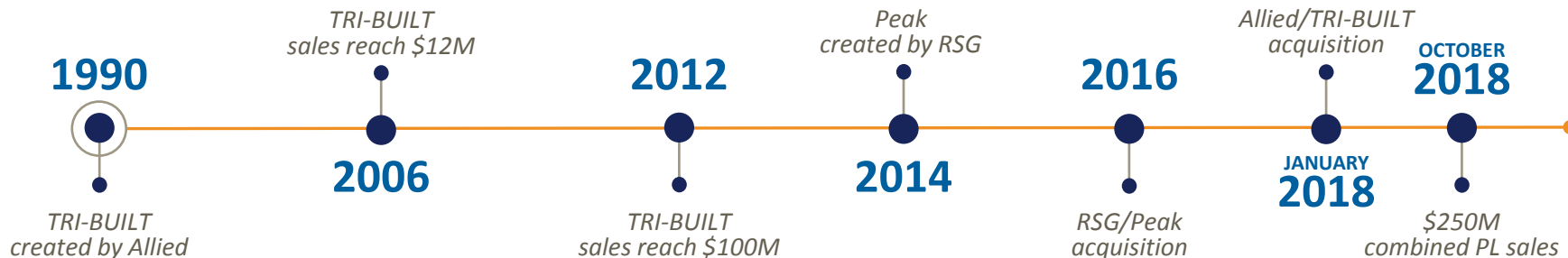
2,500+
SKUs

30+ PRODUCT
CATEGORIES

50% CUSTOMERS
PURCHASING PL

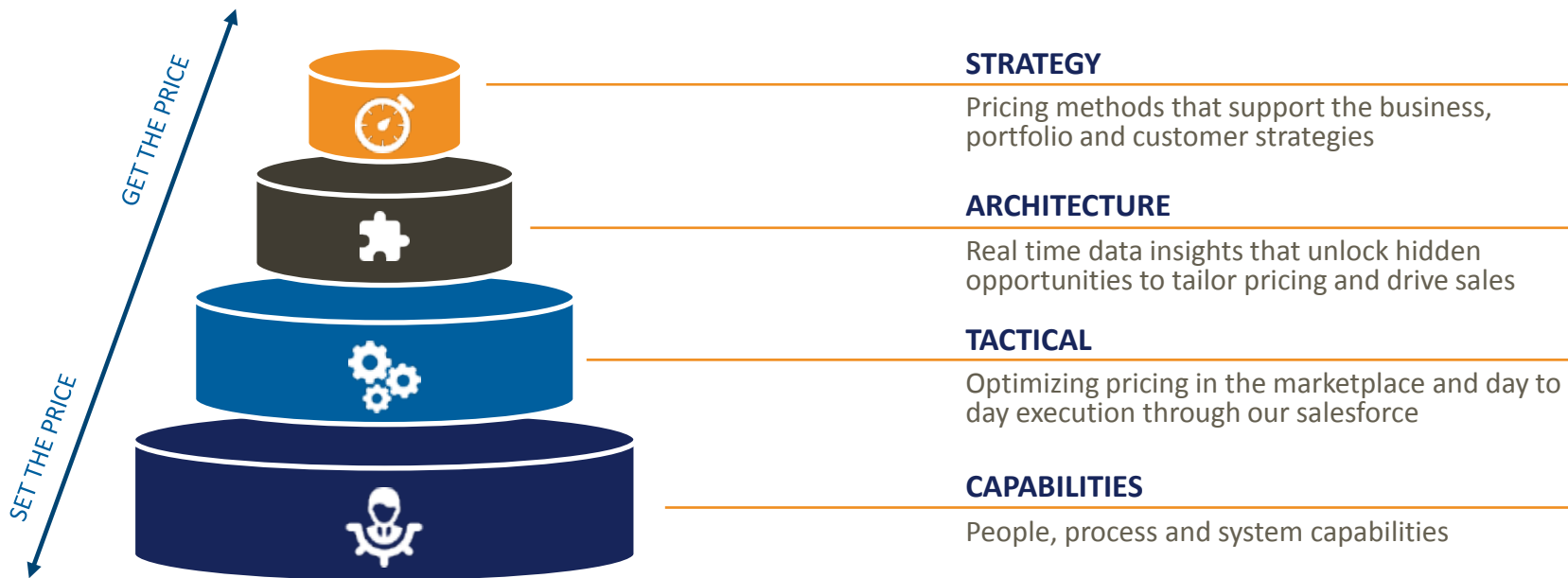
TARGET \$500M
REVENUE BY 2021

WILL ACHIEVE SALES AND MARGIN GROWTH BY DRIVING CUSTOMER ADOPTION



PRICING STRATEGY

Comprehensive Approach That Drives Profitability and Supports Our Unique Value Prop



SELLING EFFECTIVENESS MODEL

Driving Sales Excellence That Outperforms The Market



WHY PROS CHOOSE BEACON

Customer Engagement That Drives Customer Retention and Innovation

CLOSE OUT THE JOB

- Digital Bill Pay
- Online Rebate Tracking

DELIVERY

- Delivery Tracking
- Jobsite Pictures
- Triple Check

PURCHASE MATERIALS

- Beacon Pro+
- 3D+ Estimate to Order
- Project Management

CONTRACTOR LIFECYCLE

ESTABLISH CREDIBILITY

- HomeAdvisor Partnership
- Certification Programs
- Custom Marketing Programs

GENERATE LEADS

- Digital Lead Gen
- Logic Track
- Storm Tracker

SELL THE JOB

- Homeowner Financing
- In-Home Visualizer



NETWORK OPTIMIZATION

JOHN MCLAUGHLIN

President, Northeast & Canadian Division



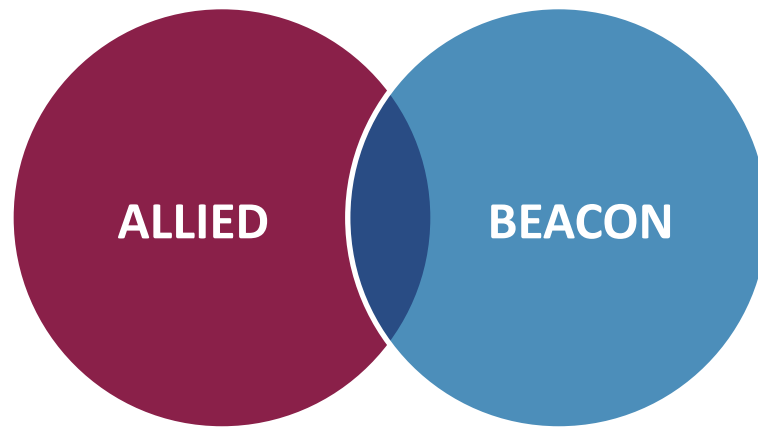
STRONGER TOGETHER

BEACON'S STRENGTHS

- ▶ **Strong Organic Growth History** ▶ Alternative Customer Channel with Two-Step Model
- ▶ Existing National Presence
- ▶ **Emerging Digital Platform** ▶ Strong National Accounts Reputation
- ▶ Experienced Integration Team ▶ Strong Acquisition Track Record
- ▶ **Sophisticated Supply Chain Organization**

ALLIED'S STRENGTHS

- ▶ Attractive Footprint New York/New Jersey, Upper Midwest, Hawaii
- ▶ Interiors Platform
- ▶ **RSA Building Blocks**
- ▶ Pricing Methodology
- ▶ Tri-Built Private Label
- ▶ Solar Expansion Opportunity
- ▶ Logistics Management (Software)



COMBINED STRENGTHS

- ▶ High Degree of Repair & Remodel ▶ Innovation Leader
- ▶ Increased Density in Existing Markets ▶ Consistent Corporate Cultures
- ▶ **Experienced Management Teams** ▶ **Customer Focused Approach**
- ▶ Strong Financial Discipline ▶ Safety Culture

WHAT IS A REGIONAL SERVICE AREA (RSA)?

A network of branches sharing resources and coordinating operations

RSA OVERVIEW



EVOLUTION FROM TRADITIONAL SERVICE MODEL TO RSA

- ▶ Market-based P&Ls
- ▶ Coordinated fleet management / dispatch
- ▶ Geographic alignment of sales force
- ▶ Centralized hub with inventory concentration
- ▶ Facility relocations improving proximity to customers “Service Centers”

RSA MODEL AT ALLIED – KEY STEPS



2012

Identified opportunities for improvement with route management, overlapping sales territories and inventory duplication

Launched pilots in New York, New Jersey and California

2013



2014

Full rollout begins in Michigan and Illinois

Standardized process, tracking key performance indicators for all RSAs

2015



RSA MODEL AT ALLIED – SUCCESS



Allied's Decision to Pursue RSAs

- ✓ Organic Growth
- ✓ Leveraging Talent
- ✓ Management of Assets
- ✓ Customer Service

Measurable Benefits Produced



Increased Customer Interaction



Delivery Efficiencies



“Low Risk” with Service Centers



Minimal Further Investment
Needed for Growth

BEACON RSA STRATEGY

Our combined company has larger opportunities:

- ✓ Larger critical mass in more MSAs (40+)
- ✓ Growth by acquisition creates branch infrastructure alignment opportunity
- ✓ Shared RSA experiences at both Allied and Beacon
- ✓ Adaptive RSA strategy flexes to fit a wide range of market sizes, delivery radius and existing infrastructure

RSA: BENEFITING CUSTOMERS, SUPPLIERS & BEACON

Through Sharing of Local Resources – Everyone Benefits



Customers Benefit

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

Suppliers Benefit

- ▶ Supply chain efficiencies

Beacon & Shareholder Benefits

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



Q&A



INVESTOR DAY 2018



BREAK FOR LUNCH

12:00 PM – 12:30 PM



Beacon

Beacon Presents

INVESTOR DAY 2018

December 13 | New York City

AFTERNOON AGENDA

- SUPPLY CHAIN EVOLUTION & ALLIED INTEGRATION PROGRESS

Brendan Daly, Executive VP & Chief Supply Chain Officer

- LONG-TERM FINANCIAL STRATEGY

Joseph Nowicki, Executive VP & Chief Financial Officer

- Q&A



SUPPLY CHAIN

BRENDAN DALY

Executive VP & Chief Supply Chain Officer



SUPPLY CHAIN EVOLUTION

2 STRUCTURING

- ▶ Leadership Program
- ▶ Structured Procurement
- ▶ Central Buy
- ▶ Targeted Turns

4 ENHANCING

- ▶ Standard Vendor Agreements
- ▶ Inbound Logistics
- ▶ Add Fleet & CI
- ▶ Strategy Deployment

6 ADOPTING

- ▶ Allied Integration
- ▶ Advanced Procurement
- ▶ RSA Implementation
- ▶ Logistics & Fleet Productivity

2014

2016

2018

2020

2015

2017

2019

1 BASIC

- ▶ Leadership Hires
- ▶ Basic Procurement
- ▶ Simple Purchasing
- ▶ Inventory Control

3 ADVANCING

- ▶ Integrate RSG
- ▶ 95% Vendor Coverage
- ▶ Achieve Turns Targets
- ▶ Indirect Savings

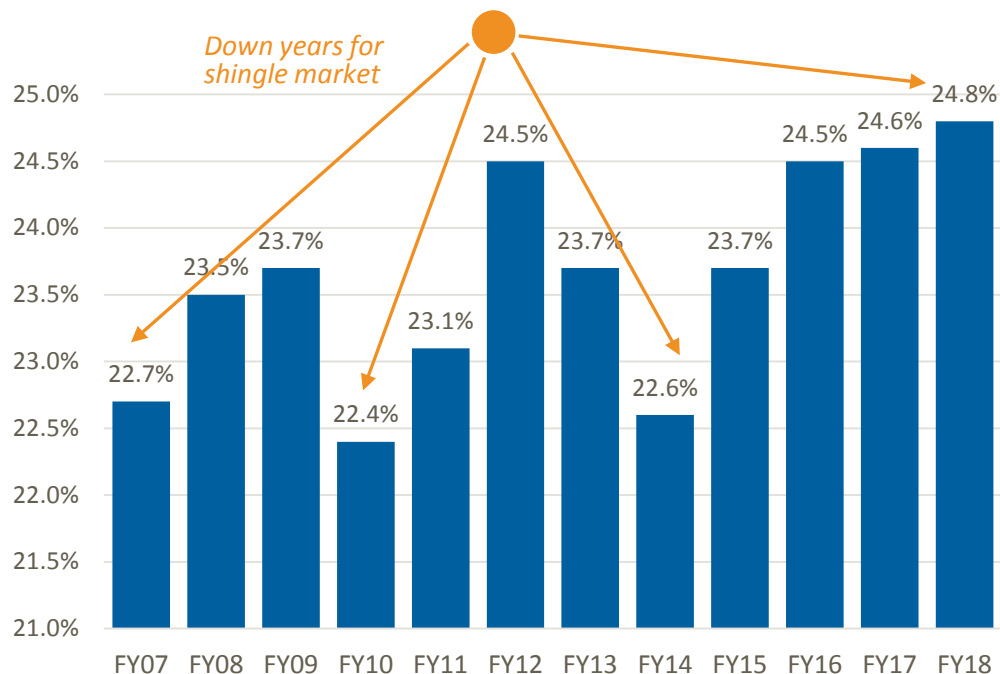
5 ACHIEVING

- ▶ Strategy Deployment
- ▶ Allied Integration
- ▶ Add Facilities
- ▶ Align Direct / Indirect Material

7 EXCELLING

- ▶ CI Embedded
- ▶ Integrated Logistics
- ▶ RSA Adoption
- ▶ Expanded EDI

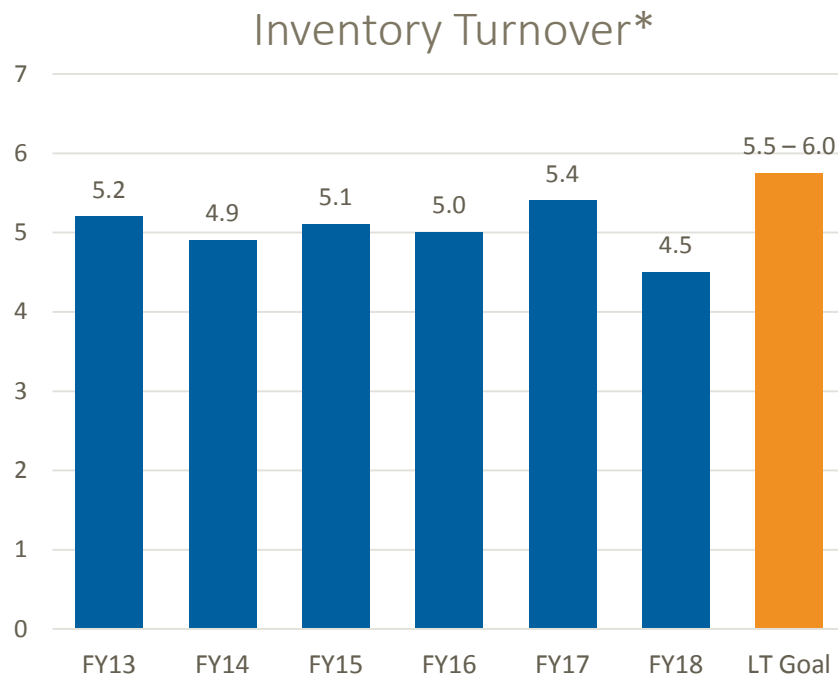
GROSS MARGIN



- ✓ Core Pricing Capability Established in FY18
- ✓ Pricing System Pilot Ongoing
- ✓ Margin vs Volume Lever Optimization

INVENTORY

- ✓ Allied Acquisition Impacted FY 2018
- ✓ Embedding Inventory Controls Throughout Allied Footprint
- ✓ Allied Conversions Complete April 2019
- ✓ Daily Cycle Counts Implemented FY 2021



**Total 4th quarter COGS divided by average inventory from June to September*

ALLIED SYNERGIES





- ✓ Fully Engage Leadership Teams
- ✓ Early Established Synergy Targets

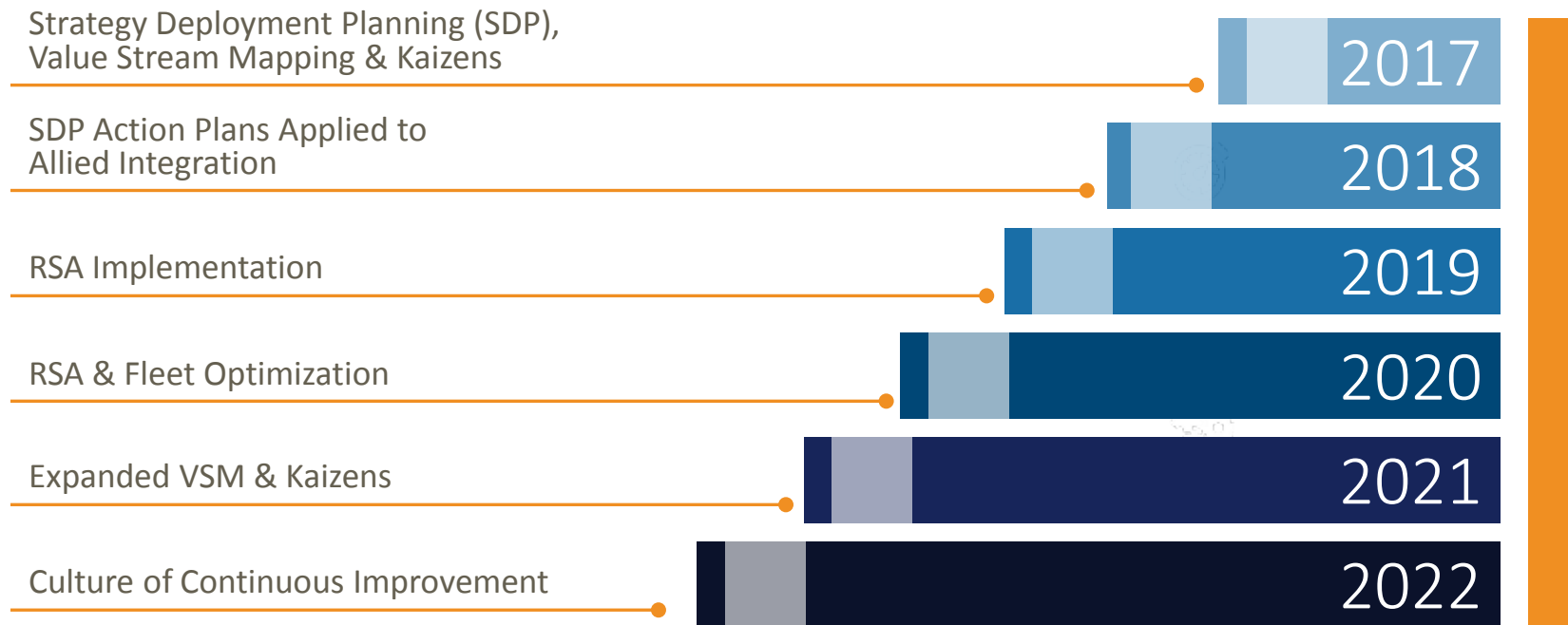
- ✓ Savings Actions Initiated 01/02/18
- ✓ Leveraged Best of Allied / Beacon

- ✓ Strong, Effective Communications
- ✓ Weekly Rhythm Ensures Success

ALLIED PROGRESS REPORT

	2018	2019	2020
 ORGANIZATION	Division/Region Org	HR Systems Aligned	Integrated Training
 BRANCH OPTIMIZATION	Consolidations	Initiate RSA Model	RSA Expand & Adopt
 SYSTEM - BRANCH	Exteriors Complete	Interiors Complete	Digital System Expansion
 SYSTEM – BACK OFFICE	Cybersecurity Alignment	Pricing Software	Linked Logistics Systems
 PRIVATE LABEL	Peak to TRI-BUILT	Accelerate Adoption	Embed TriBuilt Brand

CONTINUOUS IMPROVEMENT



EASY TO DO BUSINESS WITH



Agreements

Standard Terms, Effective Reporting, ADP Improvement



Ordering

EDI Cost Data, Standard Units of Measure, Ease of Returns



Receiving

Bar Coding, Green Packaging, Standard Documentation



Shipping

RSA Implementation, GeoFenced Alerts, Delivery Pictures



Invoicing

EDI Invoicing, Simple Credits, Shared Logistics



Selling

Clear Labeling, Tech Support, Marketing Programs, Sales Leads





LONG TERM FINANCIAL STRATEGY

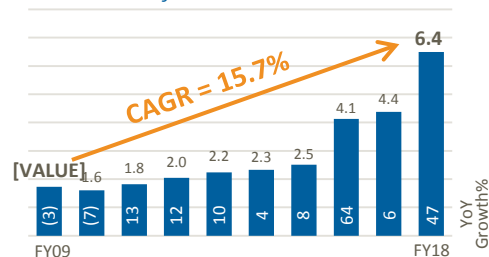
JOSEPH NOWICKI

Executive VP & Chief Financial Officer

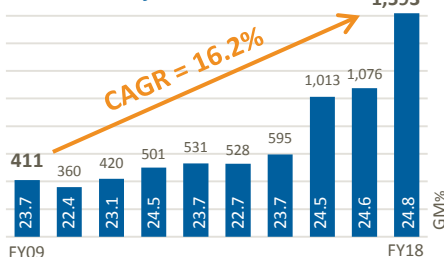


HISTORY OF PERFORMANCE

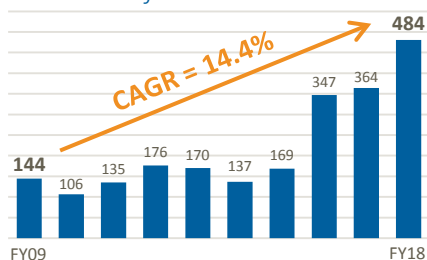
SALES GROWTH
in billions of dollars



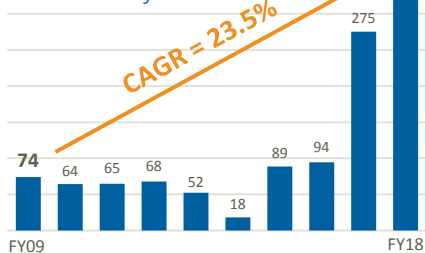
GROSS MARGIN
in millions of dollars



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%**

KEY STRATEGIC TENETS DRIVE FUTURE FINANCIAL PERFORMANCE



Produce Profitable Growth

- Platform Diversification
- Multi-channel Approach
- High R&R Exposure



Continued Employee Development

- Improved Productivity
- Lower Turnover



Operational Excellence & Continuous Improvement

- RSA Implementation
- Private Label Expansion
- Supply Chain Evolution



Maintain Strong Financial Discipline

- Margin Improvement
- Free Cash Flow Generation
- SOX Culture



TOP LEVEL FINANCIAL GOALS LINKED TO STRATEGY

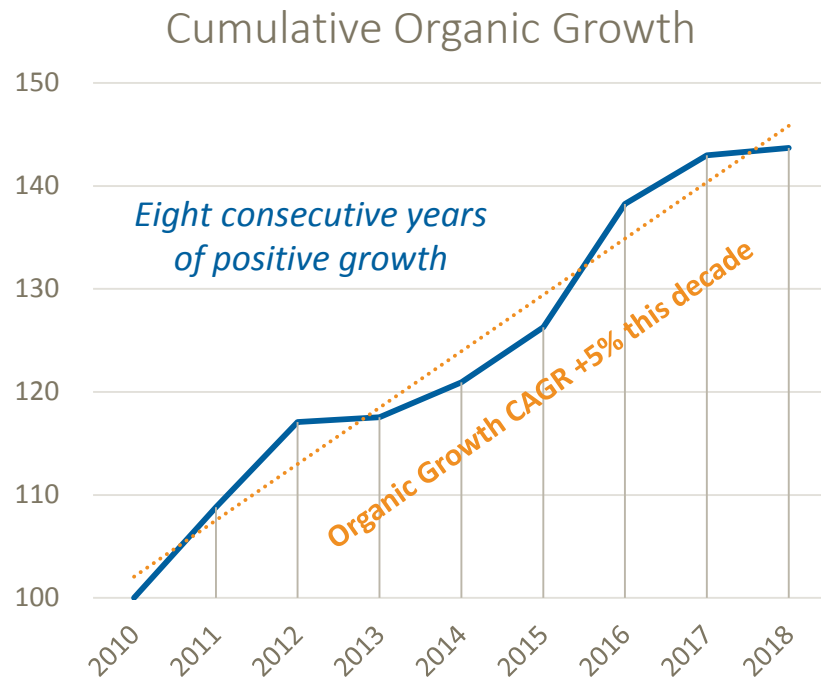


DETAILED OBJECTIVES SUPPORTING GOALS

	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%
	Capex to Sales Net Debt Leverage	<ul style="list-style-type: none"> • < 1.0% • ≤ 3.0x

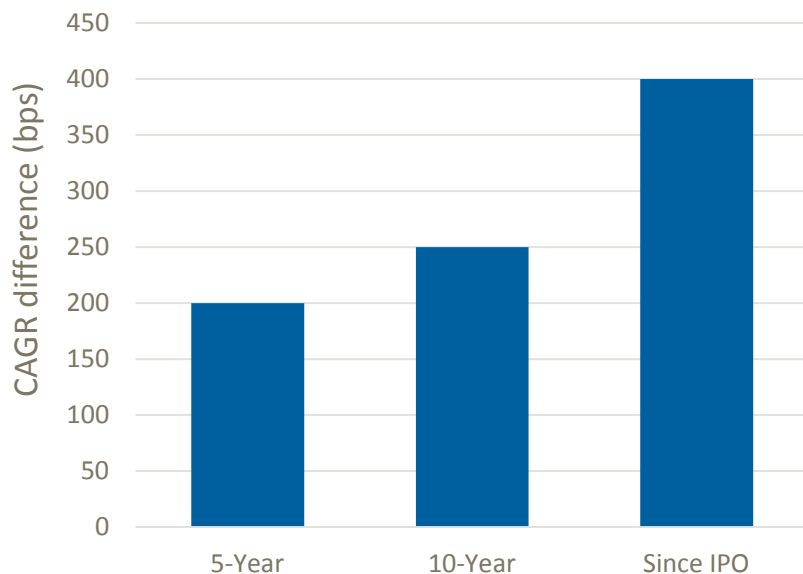
ORGANIC SALES GROWTH - THE FIRST BUILDING BLOCK

- ✓ R&R (~70-75% of sales) = low cyclical and minimal spending discretion
- ✓ Same-branch growth initiatives in place, including digital, private label and complementary
- ✓ Greenfield strategy renewed in 2019
- ✓ Strong presence in major storm markets
- ✓ Attractive long-term macro outlook with re-roofing deferrals protecting macro downside



CONTINUING TO OUTPERFORM MARKET

Beacon Outperformance vs. Market



Source: Company Estimates

- ✓ Complementary product expansion (siding, windows, doors, interiors, solar, private label)
- ✓ Multi-channel approach (digital, national accounts, dealers choice)
- ✓ Greenfield strategy renewed in 2019
- ✓ Selling effectiveness model
- ✓ Expanded geographic base improves customer reach

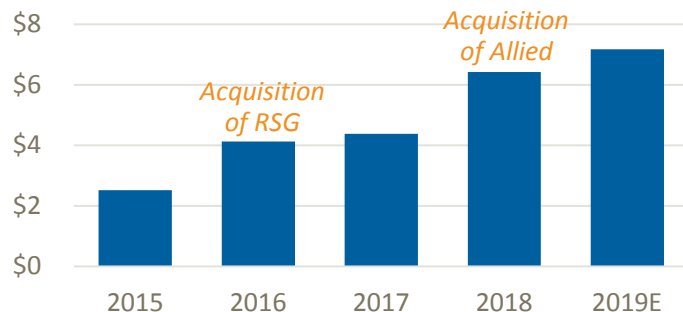
=200-400 bps Future Outperformance

GREENFIELD FOCUS RENEWED IN 2019

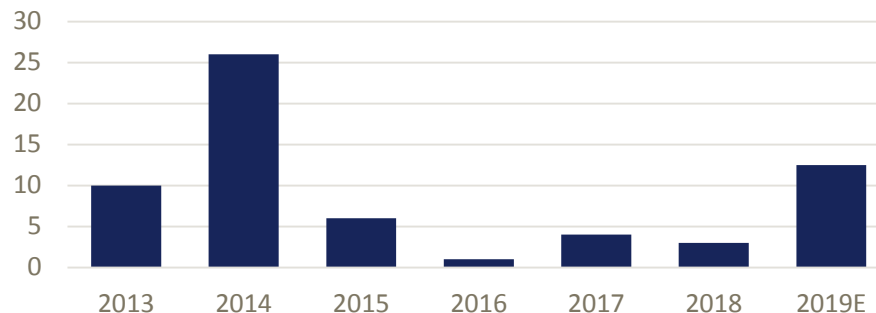
- ▶ Two acquisitions of top-five roofing distributors
- ▶ Sales growth from \$2.5B to over \$7B
- ▶ We've been busy....

- ▶ Balanced greenfield growth with acquisition growth
- ▶ Targeting 10-15 greenfields annually in next several years
- ▶ Successful greenfield history: sales mature in 3-5 years with attractive ROIC

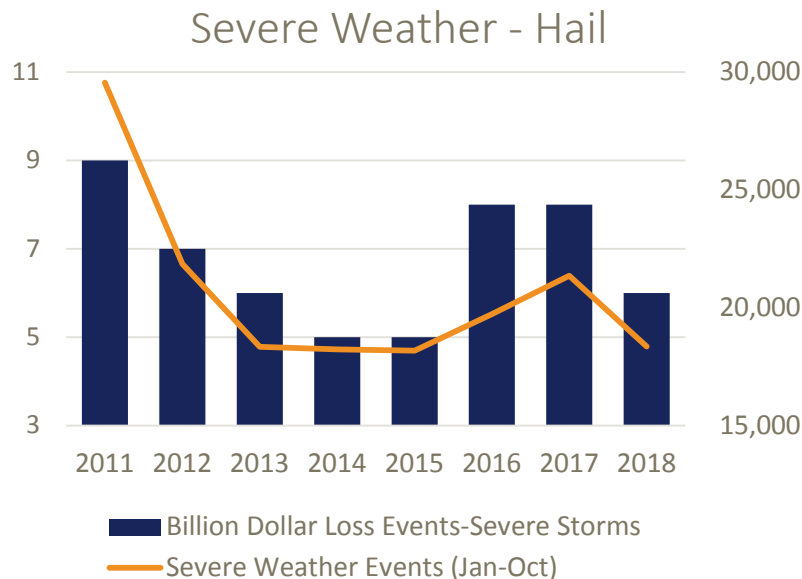
Beacon Annual Sales (billions)



Greenfield Openings



STRONG PRESENCE IN MAJOR STORM MARKETS



- ✓ Hail and hurricanes create demand volatility on an annual basis
- ✓ Multi-year storm damage is more consistent
- ✓ 2018 hail at low-end of historical range, comparable with 2014 / 2015
- ✓ 2019 guidance projects weak hail and no incremental hurricane contribution

Source: NOAA

KEY RESIDENTIAL INDICATORS



2018 residential slowed;
outlook remains positive



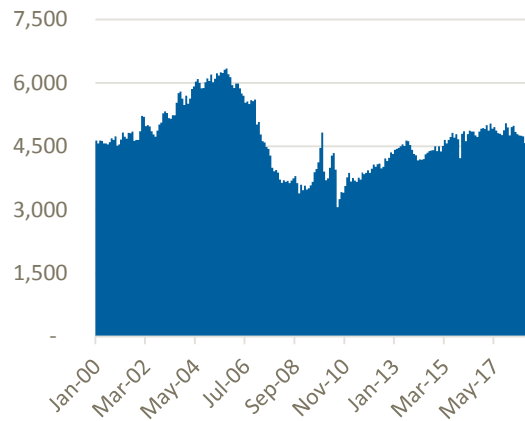
Anticipate moderate
growth/stabilization



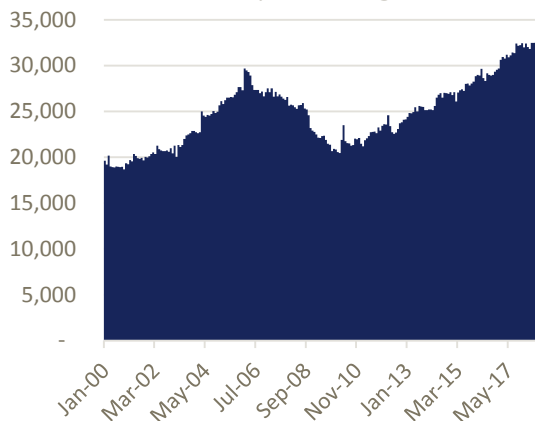
High R&R (and lower discretion
R&R) lowers risk

Source: National Association of Realtors (NAR) and U.S. Census Bureau

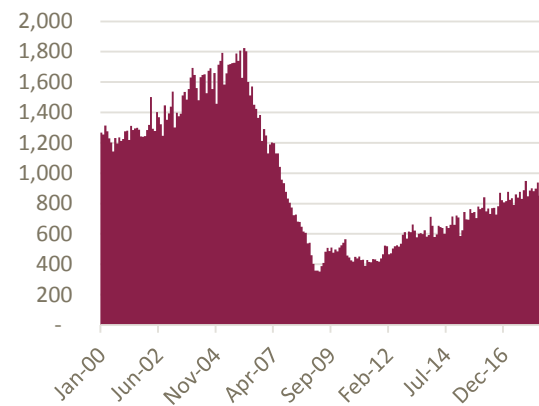
Single Family Existing Home Sales



Home Improvement Spending

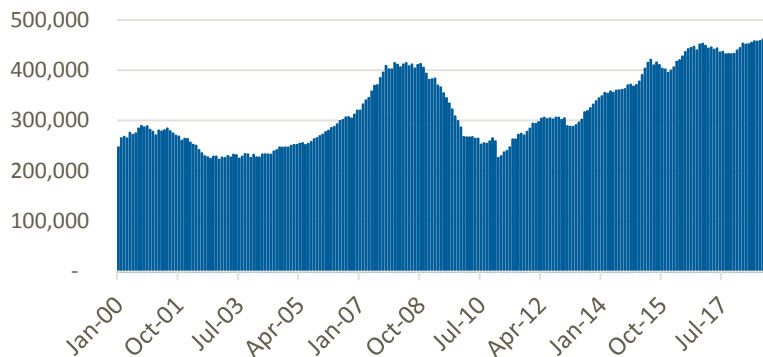


Single Family Housing Starts

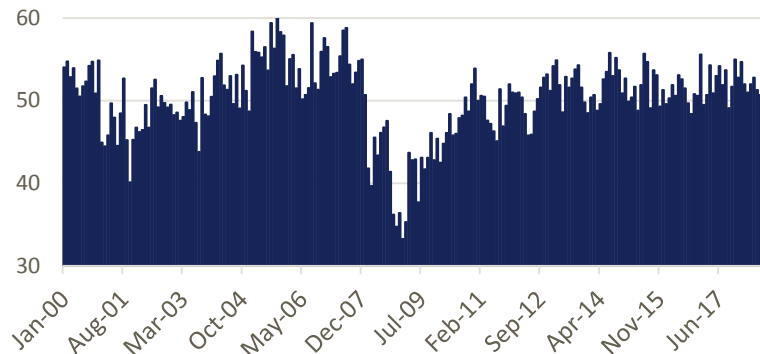


KEY NON-RESIDENTIAL INDICATORS

Private Non-Res Construction



Architectural Billings Index (ABI)



Commercial demand remain consistent



Non-residential focus heavily R&R based

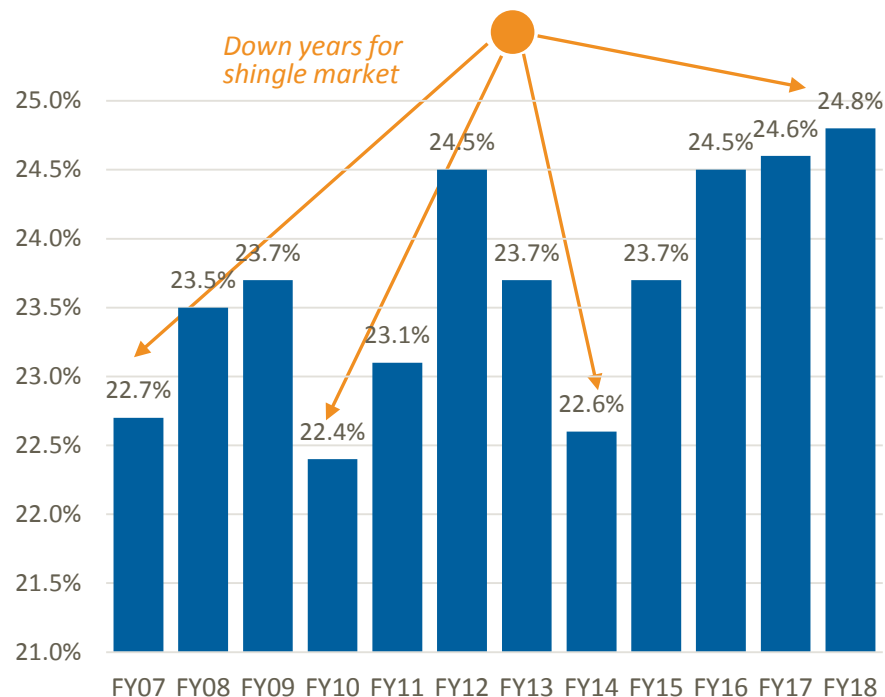


Lower exposure to storm demand



Slow-to-moderate long term growth outlook

GROSS MARGIN IMPROVEMENT CONTINUES

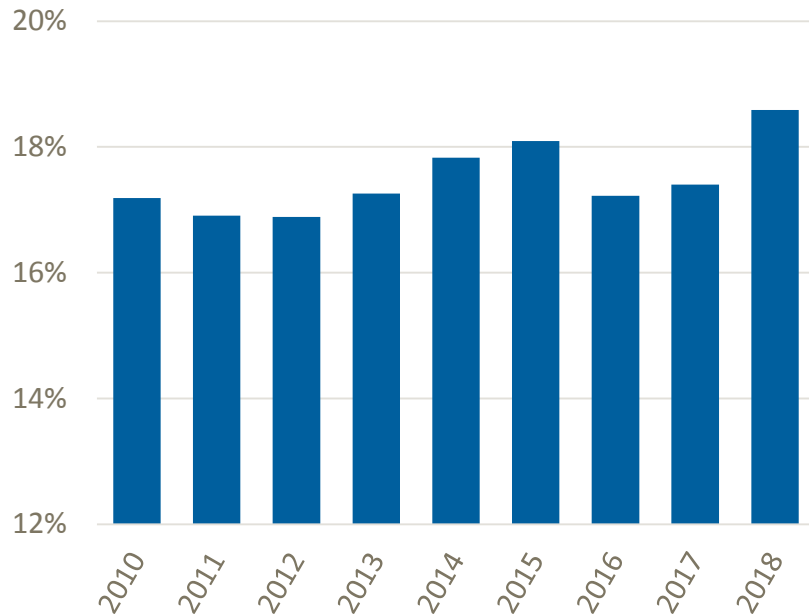


- ✓ Higher margin product expansion (complementary products, private label)
- ✓ Allied procurement synergies
- ✓ Enhanced pricing discipline
- ✓ Rational competitive behavior by peers
- ✓ Increased purchasing power
- ✓ Supply chain evolution and best practices

=100-200 bps Future Improvement

OPERATING COSTS REMAIN KEY FOCUS POINT

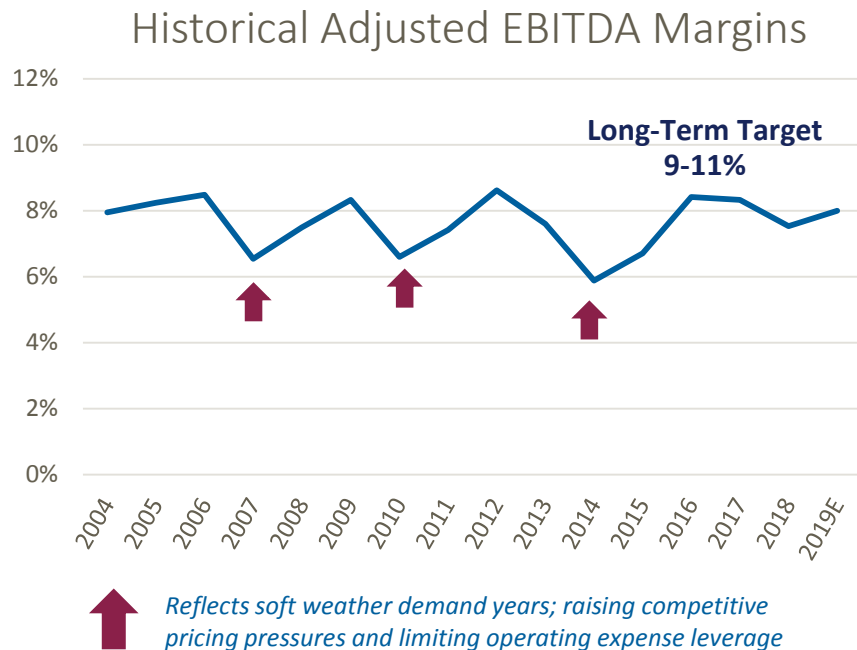
Historical Adjusted Operating Expense



- ✓ Implementation of RSA model at the branch and division level
- ✓ Allied SG&A synergies
- ✓ Fixed cost operating leverage
- ✓ Ecommerce cost efficiencies
- ✓ Continuous improvement initiatives
- ✓ Corporate shared services and best practices

=150-250 bps Future Improvement

EBITDA MARGIN OBJECTIVES



Long Term Goals

Gross Margins

26 - 27%

Adjusted
Operating Costs
(% of Sales)

16 - 17%

Adjusted EBITDA
Range

9 - 11%

BALANCE SHEET STRENGTH

Experience Achieving Leverage & Synergy Targets

RSG

Total Leverage:

- ▶ **Target:** Total leverage at close of 4.5x; goal to de-lever to ~2.0x in 3 yrs
- ▶ **Result:** <3.0x standalone leverage within two years

Synergy Realization within two years:

- ▶ **Target:** \$50 million; **Realized:** \$60 million

ALLIED

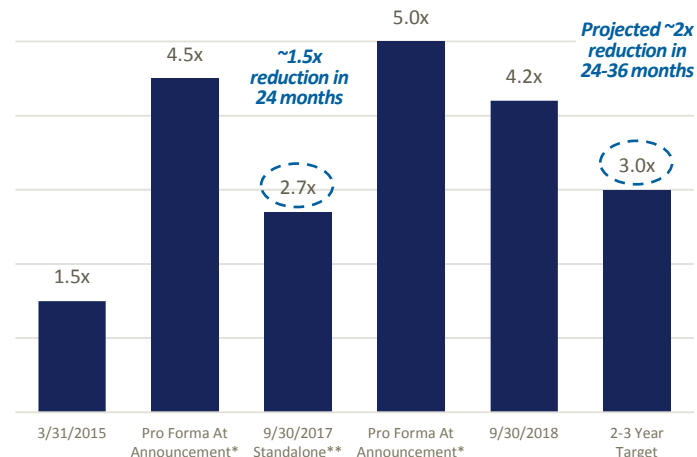
Total Leverage:

- ▶ **Target:** 2.0x leverage reduction in 24-36 months
- ▶ **Strategy to Achieve:** Debt repayment and EBITDA performance

Synergy Realization Within Two Years:

- ▶ **Target:** \$120 million (up from initial \$110 million target)
- ▶ **Strategy to Achieve:** Utilize in-house integration team and 3rd party advisors to integrate Allied and extract synergies
- ▶ **Long-Term Cash Tax Savings:** Section 338(h)(10) Election

Proven Ability to De-Lever

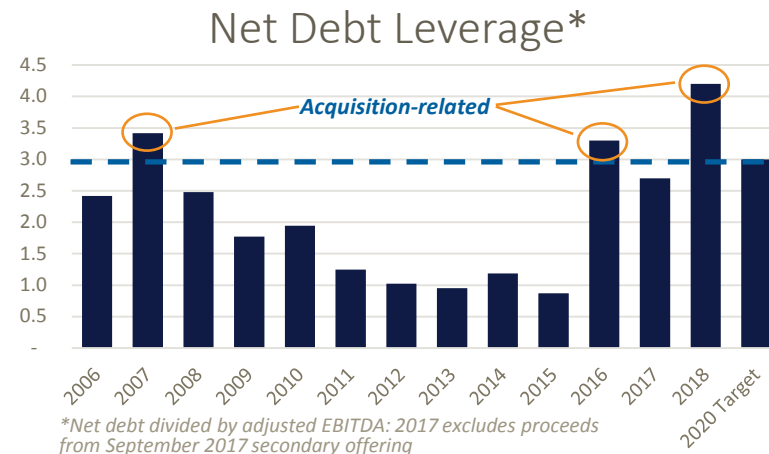
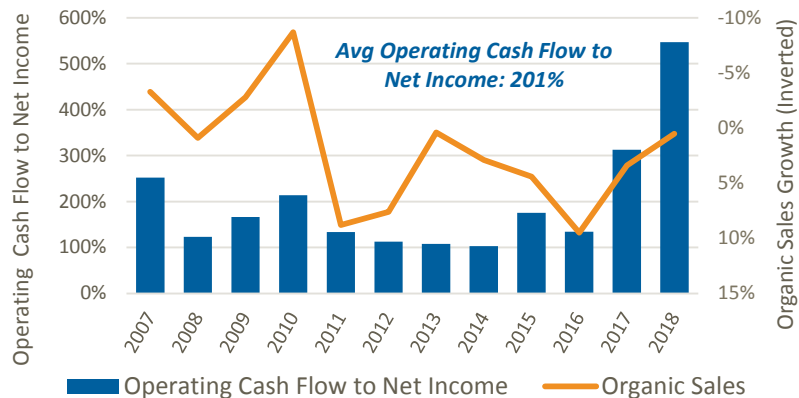


Leverage target of ~3.0x will be achieved by mix of debt paydown and EBITDA performance

*Please reference the presentation under our investor relations website dated 08/24/17

** Excludes proceeds from September 2017 secondary offering

BALANCE SHEET METRICS



- ▶ Drive sustainable and consistent levels of free cash flow
- ▶ Use working capital efficiently; RSA model helps improve working capital requirements
- ▶ Capital expenditures \leq 1% of sales
- ▶ Proper mix of fixed and pre-payable debt allow quicker deleveraging and protection against a rising interest rate environment

BEACON SUMMARY

STRONG INVESTMENT THESIS

- ▶ Great industry and we are 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



Beacon

THANK YOU

For Your Attendance

APPENDIX

RECONCILIATION – HISTORICAL ADJUSTED EBITDA

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
(\$Ks)									
Net income (loss)	(15,355)	32,917	49,311	25,279	40,306	52,418	34,526	59,220	75,565
Acquisition costs	-	-	-	-	-	-	-	-	-
Interest expense/other expense	39,898	5,826	19,461	27,434	25,904	22,887	18,210	13,364	17,423
Income taxes	10,129	21,976	31,529	17,095	28,500	33,904	20,781	31,158	50,934
Depreciation and amortization	6,922	8,748	23,792	32,863	34,240	30,389	27,773	25,060	24,353
Stock-based compensation	10,299	690	3,222	4,983	4,861	4,780	5,001	6,073	7,873
Adjusted EBITDA	51,893	70,157	127,315	107,654	133,811	144,378	106,291	134,875	176,148
Revenue	652,909	850,927	1,500,636	1,645,785	1,784,495	1,733,967	1,609,969	1,817,423	2,043,658
EBITDA% of Revenue	7.9%	8.2%	8.5%	6.5%	7.5%	8.3%	6.6%	7.4%	8.6%

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>CAGR</u> <u>FY04 - FY18</u>	<u>CAGR</u> <u>FY09 - FY18</u>
Net income (loss)	72,607	53,846	62,277	89,917	100,864	98,626	--	7.3%
Acquisition costs	-	-	6,978	24,749	15,745	54,441		
Interest expense/other expense	9,211	10,336	10,561	58,145	53,802	143,074		
Income taxes	48,867	34,922	44,046	56,615	62,481	(30,544)		
Depreciation and amortization	30,415	30,294	34,862	100,191	116,467	201,503		
Stock-based compensation	9,266	7,422	9,936	17,749	15,074	16,473		
Adjusted EBITDA	170,366	136,821	168,660	347,366	364,433	483,573	17.3%	14.4%
Revenue	2,240,723	2,326,905	2,515,169	4,127,109	4,376,670	6,418,311	17.7%	15.7%
EBITDA% of Revenue	7.6%	5.9%	6.7%	8.4%	8.3%	7.5%	Avg FY04-FY18	7.6%

RECONCILIATION – HISTORICAL FINANCIALS (2004-2012)

(\$Ks)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Gross Margin	165,709	207,195	364,137	373,917	420,008	411,122	360,100	419,625	501,404
<i>Gross Margin% of Revenue</i>	25.4%	24.3%	24.3%	22.7%	23.5%	23.7%	22.4%	23.1%	24.5%
Operating Income	34,672	60,718	100,301	69,808	94,710	109,209	73,517	103,742	143,672
Net Income	(15,355)	32,917	49,311	25,279	40,306	52,418	34,526	59,220	75,565
Operating Cash	23,086	8,669	82,804	63,815	49,567	87,576	74,498	79,290	85,361
Capital Expenditures	5,127	9,583	19,063	23,132	5,739	13,656	10,107	14,433	17,404
Free Cash Flow	17,959	(914)	63,741	40,683	43,828	73,920	64,391	64,857	67,957
Operating Expense	131,037	146,477	263,836	304,109	325,298	301,913	286,583	315,883	357,732
<i>Operating Expense% of Revenue</i>	20.1%	17.2%	17.6%	18.5%	18.2%	17.4%	17.8%	17.4%	17.5%
Amortization	38	1,206	9,671	15,071	15,859	12,995	10,696	9,442	9,829
Operating expense acq. Costs/other	7,638								
Adjusted Operating Expense	123,360	145,271	254,165	289,038	309,439	288,918	275,887	306,441	347,903
<i>Adjusted OpEx% of Revenue</i>	18.9%	17.1%	16.9%	17.6%	17.3%	16.7%	17.1%	16.9%	17.0%
Net Debt			307,797	367,801	331,605	255,605	206,485	168,484	180,670
Adj. EBITDA for net debt leverage			127,315	107,654	133,811	144,378	106,291	134,875	176,148
Net Debt to EBITDA ratio			2.4	3.4	2.5	1.8	1.9	1.2	1.0

RECONCILIATION – HISTORICAL FINANCIALS (2013-2018)

(\$Ks)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>CAGR</u> <u>FY04 - FY18</u>	<u>CAGR</u> <u>FY09 - FY18</u>
Gross Margin	531,397	527,840	595,364	1,013,069	1,075,939	1,593,321	17.5%	16.2%
<i>Gross Margin% of Revenue</i>	<i>23.7%</i>	<i>22.6%</i>	<i>23.7%</i>	<i>24.5%</i>	<i>24.6%</i>	<i>24.8%</i>		
Operating Income	129,721	98,863	117,081	204,984	216,096	204,626	13.5%	7.2%
Net Income	72,607	53,846	62,277	89,917	100,864	98,626	--	7.3%
Operating Cash	78,363	55,497	109,340	120,648	315,200	538,010	25.2%	22.3%
Capital Expenditures	26,120	37,239	20,802	26,315	39,828	44,639	16.7%	14.1%
Free Cash Flow	52,243	18,258	88,538	94,333	275,372	493,371	26.7%	23.5%
Operating Expense	401,676	428,977	478,283	808,085	859,843	1,388,695		
<i>Operating Expense% of Revenue</i>	<i>17.9%</i>	<i>18.4%</i>	<i>19.0%</i>	<i>19.6%</i>	<i>19.6%</i>	<i>21.6%</i>		
Amortization	15,087	14,089	16,179	68,316	82,465	141,185		
Operating expense acq. Costs/other			7,257	29,073	15,745	54,441		
Adjusted Operating Expense	386,589	414,888	454,847	710,697	761,633	1,193,069		
<i>Adjusted OpEx% of Revenue</i>	<i>17.3%</i>	<i>17.8%</i>	<i>18.1%</i>	<i>17.2%</i>	<i>17.4%</i>	<i>18.6%</i>		
Net Debt	162,574	161,988	146,906	1,131,466	978,212	2,564,114		
Adj. EBITDA for net debt leverage	170,366	136,821	168,660	347,366	364,433	612,357		
Net Debt to EBITDA ratio	1.0	1.2	0.9	3.3	2.7	4.2		