
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K/A
(Amendment No. 1)

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 30, 2020

BUILDERS FIRSTSOURCE, INC.
(Exact Name of Registrant as Specified in its Charter)

0-51357
(Commission
File Number)

Delaware
(State or Other Jurisdiction
of Incorporation)

52-2084569
(IRS Employer
Identification No.)

2001 Bryan Street, Suite 1600, Dallas, Texas 75201
(Address of Principal Executive Offices)

(214) 880-3500
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

| Title of Each Class | Trading Symbol(s) | Name of Each Exchange on Which Registered |
|--|----------------------|--|
| Common stock, par value \$0.01 per share | BLDR | NASDAQ Stock Market LLC |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

EXPLANATORY NOTE

This Amendment No. 1 on Form 8-K/A amends the Current Report on Form 8-K (the “Form 8-K”) filed by Builders FirstSource, Inc. (the “Company”) on July 30, 2020. This Amendment No. 1 is being filed to correct the originally filed Exhibit 99.1. The sections titled “Reconciliation of Adjusted Non-GAAP Financial Measures to their GAAP Equivalents” were inadvertently omitted from the press release filed as Exhibit 99.1 to the Form 8-K, and the Company’s press release is being filed as Exhibit 99.1 hereto to include such sections on pages 9-12 thereto. All other information and wording in Exhibit 99.1 remains unchanged from the Form 8-K.

ITEM 2.02. *Results of Operations and Financial Condition*

On July 30, 2020, the Company issued the news release attached hereto as Exhibit 99.1 reporting the financial results of the Company for the three months and six months ended June 30, 2020 (the “Earnings Release”). In the Earnings Release, the Company utilized the non-GAAP financial measures and other items discussed in Appendix A hereto. Appendix A hereto (incorporated herein by reference) also contains certain statements of the Company’s management regarding the use and purposes of the non-GAAP financial measures utilized therein. A reconciliation of the non-GAAP financial measures discussed in the Earnings Release to the comparable GAAP financial measures is included within the Earnings Release.

ITEM 9.01. *Financial Statements and Exhibits.*

(d) Exhibits.

See Exhibit Index.

All of the information furnished in Items 2.02 and 9.01 of this report and the accompanying appendix and Exhibit 99.1 shall not be deemed to be “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and shall not be incorporated by reference in any filing under the Securities Act of 1933, as amended.

Cautionary Notice

Statements in this report and the schedules hereto that are not purely historical facts or that necessarily depend upon future events, including statements about expected market share gains, forecasted financial performance or other statements about anticipations, beliefs, expectations, hopes, intentions or strategies for the future, may be forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Readers are cautioned not to place undue reliance on forward-looking statements. In addition, oral statements made by our directors, officers and employees to the investor and analyst communities, media representatives and others, depending upon their nature, may also constitute forward-looking statements. All forward-looking statements are based upon currently available information and the Company’s current assumptions, expectations and projections about future events. Forward-looking statements are by nature inherently uncertain, and actual results or events may differ materially from the results or events

described in the forward-looking statements as a result of many factors. Builders FirstSource, Inc. undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Any forward-looking statements involve risks and uncertainties, many of which are beyond the Company's control or may be currently unknown to the Company, that could cause actual events or results to differ materially from the events or results described in the forward-looking statements, including risks or uncertainties related to the Company's growth strategies, including gaining market share, or the Company's revenues and operating results being highly dependent on, among other things, the homebuilding industry, lumber prices and the economy. Builders FirstSource, Inc. may not succeed in addressing these and other risks. Further information regarding the risk factors that could affect our financial and other results are included as Item 1A of our annual report on Form 10-K and may also be described from time to time in the future reports the Company files with the SEC.

EXHIBIT INDEX

| Exhibit No. | Description |
|-------------|--|
| 99.1 | News release reporting financial results for the three months and six months ended June 30, 2020, issued by Builders FirstSource, Inc. on July 30, 2020. |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document) |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned hereunto duly authorized.

BUILDERS FIRSTSOURCE, INC.

By: /s/ Donald F. McAleenan
Name: Donald F. McAleenan
Title: Senior Vice President,
General Counsel and Secretary

Dated: September 25, 2020

APPENDIX A

Use of Non-GAAP Financial Measures

We occasionally utilize financial measures and terms not calculated in accordance with accounting principles generally accepted in the United States (“GAAP”) in order to provide investors with an alternative method for assessing our operating results in a manner that enables investors to more thoroughly evaluate our current performance as compared to past performance. We also believe these non-GAAP measures provide investors with a better baseline for modeling our future earnings expectations. Our management uses these non-GAAP measures for the same purpose. We believe that our investors should have access to the same set of tools that we use in analyzing our results. These non-GAAP measures should be considered in addition to results prepared in accordance with GAAP, but should not be considered a substitute for or superior to GAAP results. Our calculation of Adjusted EBITDA is not necessarily comparable to similarly titled measures reported by other companies. We have provided a definition below for these non-GAAP financial measures, together with an explanation of why management uses these measures and why management believes that these non-GAAP financial measures are useful to investors. In addition, we have provided a reconciliation within the Earnings Release to reconcile these non-GAAP financial measures utilized therein to its equivalent GAAP financial measure.

Adjusted EBITDA

We define Adjusted EBITDA as GAAP net income (loss) before depreciation and amortization, interest expense, income taxes, gain (loss) on sale of assets, (income) loss from closed locations, and other non-cash or special items including asset impairments, facility closure costs, acquisition costs, severance, conversion, transaction and integration costs, and stock compensation expense. Our management uses Adjusted EBITDA as a supplemental measure in the evaluation of our business and believes that Adjusted EBITDA provides a meaningful measure of our performance because it eliminates the effects of period to period changes in taxes, costs associated with capital investments, interest expense, stock compensation expense, and other non-cash and non-recurring items. Adjusted EBITDA is not a financial measure calculated in accordance with GAAP. Accordingly, it should not be considered in isolation or as a substitute for net income (loss) or other financial measures prepared in accordance with GAAP. When evaluating Adjusted EBITDA, investors should consider, among other factors, (i) increasing or decreasing trends in Adjusted EBITDA, (ii) whether Adjusted EBITDA has remained at positive levels historically, and (iii) how Adjusted EBITDA compares to our debt outstanding. We provide a reconciliation of Adjusted EBITDA to GAAP net income (loss). Because Adjusted EBITDA excludes some, but not all, items that affect net income (loss) and may vary among companies, Adjusted EBITDA presented by us may not be comparable to similarly titled measures of other companies. Adjusted EBITDA does not give effect to the cash we must use to service our debt or pay income taxes and thus does not reflect the funds generated from or used in operations or actually available for capital investments.

Adjusted Net Income

We define adjusted net income as GAAP net income from continuing operations before non-cash or special items including facility closure costs, conversion, acquisition or integration costs, debt prepayment premiums, stock warrant fair value adjustments, debt issuance cost write-offs, debt discount / premium, write-offs and non-cash release of tax valuation allowance and revaluation of deferred taxes. Our management uses adjusted net income as a supplemental measure in the evaluation of our business and believes that adjusted net income provides a meaningful measure of our performance because it eliminates the effects of period to period non-cash and non-recurring items. Adjusted net income is not a financial measure calculated in accordance with GAAP. Accordingly, it should not be considered in isolation or as a substitute for net income or other financial measures prepared in accordance with GAAP. When evaluating adjusted net income, investors should consider, among other factors, (i) increasing or decreasing trends in adjusted net income, and (ii) whether adjusted net income has remained at positive levels historically. We provide a reconciliation of adjusted net income to GAAP net income. Because adjusted net income excludes some, but not all, items that affect net income (loss) and may vary among companies, net income (loss) presented by us may not be comparable to similarly titled measures of other companies.

Free Cash Flow

We define free cash flow as GAAP net cash from operating activities net of purchases of property, plant and equipment. Our management uses free cash flow as a supplemental measure in the evaluation of our business as we believe it provides a meaningful evaluation of our liquidity. Free cash flow is not a financial measure calculated in accordance with GAAP. Accordingly, it should not be considered in isolation or as a substitute for net cash flow from operations or other financial measures prepared in accordance with GAAP.



For Immediate Release

Builders FirstSource Reports Second Quarter 2020 Results

Focused execution and strong housing fundamentals drive record profitability

July 30th, 2020 (Dallas, TX) – Builders FirstSource, Inc. (Nasdaq: BLDR) today reported its results for the second quarter ending June 30, 2020.

Second Quarter 2020 Highlights:

- Net sales for the quarter increased by 2.2% compared to the prior year period
 - Core organic sales declined 2.1%, excluding acquisitions and commodity impacts
 - Acquisitions contributed net sales growth of 2.5%
 - Estimated sales volume, which includes core organic and acquisitions, grew by 0.4%
 - Commodity inflation increased sales by 1.8%
- Adjusted EBITDA increased 11.2% to a record \$162 million, or 8.3% of net sales driven by disciplined cost management
- Net income of \$78.9 million, or \$0.67 per diluted share, and adjusted net income of \$79.2 million, or \$0.67 per diluted share
- Strong quarter-end balance sheet with a net debt to Adjusted EBITDA ratio of 2.3x and liquidity of \$1.2 billion.

CEO Chad Crow said, “We are incredibly proud of our team’s ability to overcome the challenges presented by the COVID-19 pandemic and produce record-setting second quarter EBITDA results. During the quarter, we carefully monitored local business conditions in order to safely and effectively deliver critical products and services to our customers, all while preserving as many jobs as possible. As we look at our markets, improvement in housing data, record low mortgage rates, and shifts toward suburban living are all encouraging and continue to support demand for our integrated services. To that end, in June, we experienced a sharp sequential rebound in sales. Going forward, we remain confident in our ability to outperform the market as well as mitigate business disruptions outside of our control related to the COVID-19 pandemic.”

CFO Peter Jackson added, “Our proactive actions and focused execution at the onset of the COVID-19 pandemic allowed us to operate effectively throughout a challenging environment. During the first half of the year, we actively enhanced our financial flexibility, liquidity, and cash flow to better position our business for continued success. We are pleased with our progress in de-leveraging and fortifying our balance sheet as we reduced our net leverage ratio to 2.3x, which is below the low end of our targeted range.”

Builders FirstSource Reports Second Quarter 2020 Results (continued)

Second Quarter 2020 Compared to Second Quarter 2019

Net Sales

- Net sales for the second quarter ending June 30, 2020, were \$1.9 billion, a 2.2% increase compared to a year ago. Core organic sales declined by 2.1% and commodity price inflation added 1.8% to net sales.
- Acquisitions contributed net sales growth of 2.5% attributable to the five acquisitions completed during the prior four quarters.
- Value-added product sales volume grew by an estimated 0.4%, led by 3.3% growth in our Windows, Doors, and Millwork product category partially offset by a decline of 2.6% in our Manufactured Products.
- Demand remained resilient across our three customer end markets. Single family and multi-family estimated sales volume declined by 0.6% and 1.4%, respectively, while repair and remodel / other grew estimated sales volume by 4.1%.

Gross Margin

- Gross margin was \$517.3 million, flat compared with the prior year. Our gross margin percentage decreased to 26.6 percent from 27.2 percent in the prior year period. The decrease was attributable to the expected normalization in our lumber and lumber sheet goods product category gross margin percentage compared to the prior year period.

Selling, General and Administrative Expenses

- SG&A in the second quarter of 2020 was \$388.1 million, a decrease of approximately \$13.4 million, driven by disciplined cost reduction which resulted in lower variable compensation and benefit expenses, travel and entertainment expense, as well as lower fuel expense. As a percentage of sales, SG&A decreased by 110 basis points to 19.9 percent.

Interest Expense

- Interest expense decreased by \$2.6 million to \$26.8 million compared to the same period last year. The year over year decrease is largely due to one-time charges related to debt financing transactions executed in the prior year period. Adjusting for the one-time charges in both periods, interest expense increased by \$1.7 million due to a higher outstanding debt balance as compared to the prior year quarter, partially offset by the effect of lower interest rates.

Income Tax Expense

- Income tax expense in the second quarter of 2020 was \$23.5 million, or an effective tax rate of 23.0%. In the same period of the prior year, income tax expense was \$19.7 million, or an effective tax rate of 22.8%.

Adjusted Net Income

- Net income was \$78.9 million, or \$0.67 per diluted share, compared to \$66.6 million, or \$0.57 per diluted share, in the same period a year ago.
- Adjusted net income was \$79.2 million, or \$0.67 per diluted share, compared to \$74.1 million, or \$0.63 per diluted share, in the second quarter of 2019. The increase in adjusted net income of \$5.1 million, or 6.9%, was primarily driven by the reduction in variable SG&A described above.

Adjusted EBITDA

- Adjusted EBITDA grew \$16.3 million to \$161.9 million, an increase of 11.2%, setting a quarterly record. The increase was driven by our cost management measures during the COVID-19 pandemic. As a result, Adjusted EBITDA improved to 8.3% of sales in the second quarter from 7.6% in the same period a year ago.

Builders FirstSource Reports Second Quarter 2020 Results (continued)

Year to Date June 30, 2020 Financial Information:

Net Sales

- Net sales year to date were \$3.7 billion, a 5.6% increase compared to the first half of 2019, largely driven by the impact of acquisitions of 3.0% while core organic growth contributed 0.6%. Commodity inflation and one additional selling day increased sales by 1.2% and 0.8%, respectively.
- Estimated sales volume grew 3.6%. Demand increased across our three customer end markets. We grew in all of our product categories with the exception of Gypsum, Roofing and Insulation.

Gross Margin

- Gross margin increased \$23.6 million to \$982.7 million. Our gross margin percentage decreased to 26.3% in the first half of 2020 from 27.1% in the first six months of 2019, an 80 basis point decrease. The decrease was attributable to the expected normalization in our lumber and lumber sheet goods product category gross margin percentage, compared to the prior year period in which we experienced a particularly strong gross margin percentage, due in part to commodity deflation.

Adjusted Net Income

- GAAP net income was \$87.7 million, or \$0.75 per diluted share, compared to \$102.3 million, or \$0.88 per diluted share, in the first half of 2019, a decrease of \$0.13 per diluted share, or 14.9%.

Adjusted net income was \$119.4 million, or \$1.02 per diluted share, compared to \$113.9 million, or \$0.98 per diluted share, in the first half of 2019, an increase of \$0.04 per diluted share. The increase in adjusted net income of \$5.5 million, or 4.8%, was primarily driven by the increase in net sales, partially offset by higher SG&A.

Adjusted EBITDA

- Adjusted EBITDA for the first half of 2020 grew \$12.4 million to a record \$258.9 million, or 6.9% percent of sales, compared to \$246.5 million, or 7.0% of sales, for the first half of 2019, an increase of 5.0%. The year over year improvement was due to the increased gross margin partially offset by higher SG&A, related to the acquisitions completed over the last four quarters.

Capital Structure, Leverage, and Liquidity Information:

- Adjusted EBITDA, on a trailing twelve-month basis, was \$528.0 million and net debt was \$1.237 billion as of June 30, 2020. Our net leverage ratio decreased to 2.3x net debt to Adjusted EBITDA at June 30, 2020 from 2.8x as of March 31, 2020, a reduction of 0.5x and below the Company's target leverage ratio of between 2.5x and 3.5x.
- Cash generated by operating activities was \$169.9 million in the first six months of the year. Cash used in investing activities was \$69.3 million in the first half of 2020 including capital expenditures, net of proceeds, of \$53.4 million and \$15.9 million used for our acquisitions.
- In April of 2020, we completed a private offering of an additional \$350.0 million in aggregate principal amount of senior secured notes due 2027 at an issue price of 98.75% of par value. Proceeds were used to repay the funds drawn under our revolving credit facility and to pay related transaction fees and expenses, with the remaining net proceeds available as cash on hand.
- Liquidity as of June 30, 2020 was \$1.2 billion, consisting of \$817.8 million in net borrowing availability under the revolving credit facility and \$385.5 million cash on hand.

Builders FirstSource Reports Second Quarter 2020 Results (continued)

Outlook

Mr. Crow concluded, “Our first half results demonstrate a positive overall homebuilding environment, supported by tailwinds and rising demand across our diverse, national footprint. We are focusing our efforts on disciplined cost management while we work to efficiently meet customer demand, manage the impact of accelerating commodity inflation and generate additional cash flow in the third quarter. We are exceptionally well-positioned to execute on organic and inorganic value-enhancing growth opportunities that advance our long-range plan, and help us win in our markets. I especially thank our fifteen thousand team members for the milestones achieved and the ongoing safety-first emphasis in an unprecedented environment.”

The Company has provided supplemental non-GAAP financial information for the consolidated company that is adjusted to exclude one-time integration, one-time refinancing, and other costs (“Adjusted”). As the information included herein includes non-GAAP financial information, please refer to the accompanying financial schedules for non-GAAP reconciliations to their GAAP equivalents.

Please refer to the accompanying financial schedules for more information.

Conference Call

Builders FirstSource will host a conference call Friday, July 31, 2020, at 9:00 a.m. Central Time (CT) and will simultaneously broadcast it live on the Internet. The earnings release presentation will be posted at www.blldr.com under the “investors” section after the market closes on Thursday, July 30th. To participate in the teleconference, please dial into the call a few minutes before the start time: 800-458-4121 (U.S. and Canada) and 323-794-2093 (international), Conference ID: 3901667. A replay of the call will be available at 1:00 p.m. Central Time through August 15th. To access the replay, please dial 888-203-1112 (U.S. and Canada) and 719-457-0820 (international) and refer to pass code 3901667. The live webcast and archived replay can also be accessed on the Company’s website at www.blldr.com under the “Investors” section. The online archive of the webcast will be available for approximately 90 days.

About Builders FirstSource

Headquartered in Dallas, Texas, Builders FirstSource is the largest U.S. supplier of building products, prefabricated components, and value-added services to the professional market segment for new residential construction and repair and remodeling. We provide customers an integrated homebuilding solution, offering manufacturing, supply, delivery and installation of a full range of structural and related building products. We operate in 40 states with approximately 400 locations and have a market presence in 77 of the top 100 Metropolitan Statistical Areas, providing geographic diversity and balanced end market exposure. We service customers from strategically located distribution and manufacturing facilities (certain of which are co-located) that produce value-added products such as roof and floor trusses, wall panels, stairs, vinyl windows, custom millwork and pre-hung doors. Builders FirstSource also distributes dimensional lumber and lumber sheet goods, millwork, windows, interior and exterior doors, and other building products. For more information about Builders FirstSource, visit the Company’s website at www.blldr.com.

Cautionary Notice

Statements in this news release and the schedules hereto that are not purely historical facts or that necessarily depend upon future events, including statements about expected market share gains, forecasted financial performance or other statements about anticipations, beliefs, expectations, hopes, intentions or strategies for the future, may be forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Readers are cautioned not to place undue reliance on forward-looking statements. In addition, oral statements made by our directors, officers and

Builders FirstSource Reports Second Quarter 2020 Results (continued)

employees to the investor and analyst communities, media representatives and others, depending upon their nature, may also constitute forward-looking statements. As with the forward-looking statements included in this release, these forward-looking statements are by nature inherently uncertain, and actual results may differ materially as a result of many factors. All forward-looking statements are based upon information available to Builders FirstSource, Inc. on the date this release was submitted. Builders FirstSource, Inc. undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Any forward-looking statements involve risks and uncertainties that could cause actual events or results to differ materially from the events or results described in the forward-looking statements, including risks or uncertainties related to the recent novel coronavirus disease 2019 (also known as “COVID-19”) pandemic, the Company’s growth strategies, including gaining market share, or the Company’s revenues and operating results being highly dependent on, among other things, the homebuilding industry, lumber prices and the economy. Builders FirstSource, Inc. may not succeed in addressing these and other risks. Further information regarding factors that could affect our financial and other results can be found in the risk factors section of Builders FirstSource, Inc.’s most recent annual report on Form 10-K filed with the Securities and Exchange Commission. Consequently, all forward-looking statements in this release are qualified by the factors, risks and uncertainties contained therein.

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Contact:

Binit Sanghvi
VP Investor Relations
Builders FirstSource, Inc.
(214) 765-3804

Financial Schedules to Follow

BUILDERS FIRSTSOURCE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME

| | Three Months Ended | | Six Months Ended | |
|--|--|------------------|------------------|-------------------|
| | 2020 | 2019 | 2020 | 2019 |
| | June 30, | | June 30, | |
| | (Unaudited) | | | |
| | (In thousands, except per share amounts) | | | |
| Net sales | \$1,945,643 | \$1,904,523 | \$3,732,664 | \$3,535,823 |
| Cost of sales | 1,428,311 | 1,387,367 | 2,749,919 | 2,576,692 |
| Gross margin | 517,332 | 517,156 | 982,745 | 959,131 |
| Selling, general and administrative expenses | 388,077 | 401,511 | 792,543 | 771,595 |
| Income from operations | 129,255 | 115,645 | 190,202 | 187,536 |
| Interest expense, net | 26,812 | 29,382 | 78,743 | 54,283 |
| Income before income taxes | 102,443 | 86,263 | 111,459 | 133,253 |
| Income tax expense | 23,519 | 19,659 | 23,768 | 30,941 |
| Net income | <u>\$ 78,924</u> | <u>\$ 66,604</u> | <u>\$ 87,691</u> | <u>\$ 102,312</u> |
| Comprehensive income | <u>\$ 78,924</u> | <u>\$ 66,604</u> | <u>\$ 87,691</u> | <u>\$ 102,312</u> |
| <i>Net income per share:</i> | | | | |
| Basic | <u>\$ 0.68</u> | <u>\$ 0.58</u> | <u>\$ 0.75</u> | <u>\$ 0.89</u> |
| Diluted | <u>\$ 0.67</u> | <u>\$ 0.57</u> | <u>\$ 0.75</u> | <u>\$ 0.88</u> |
| <i>Weighted average common shares:</i> | | | | |
| Basic | <u>116,634</u> | <u>115,757</u> | <u>116,446</u> | <u>115,592</u> |
| Diluted | <u>117,547</u> | <u>116,919</u> | <u>117,520</u> | <u>116,726</u> |

BUILDERS FIRSTSOURCE, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

| | June 30, 2020 | December 31, 2019 |
|---|--|----------------------|
| | (Unaudited) | |
| | (In thousands, except per share amounts) | |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 385,461 | \$ 14,096 |
| Accounts receivable, less allowances of \$16,834 and \$13,492 at June 30, 2020 and December 31, 2019, respectively | 719,684 | 614,946 |
| Other receivables | 45,164 | 77,447 |
| Inventories, net | 615,142 | 561,255 |
| Other current assets | 36,136 | 39,123 |
| Total current assets | <u>1,801,587</u> | <u>1,306,867</u> |
| Property, plant and equipment, net | 743,542 | 721,887 |
| Operating lease right-of-use assets, net | 286,354 | 292,684 |
| Goodwill | 777,283 | 769,022 |
| Intangible assets, net | 126,519 | 128,388 |
| Deferred income taxes | 7,693 | 8,417 |
| Other assets, net | 21,700 | 22,225 |
| Total assets | <u>\$ 3,764,678</u> | <u>\$ 3,249,490</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 554,394 | \$ 436,823 |
| Accrued liabilities | 292,851 | 308,950 |
| Current portion of operating lease liabilities | 61,887 | 61,653 |
| Current maturities of long-term debt | 23,974 | 13,875 |
| Total current liabilities | 933,106 | 821,301 |
| Noncurrent portion of operating lease liabilities | 230,634 | 236,948 |
| Long-term debt, net of current maturities, debt discount, and debt issuance costs | 1,577,884 | 1,277,398 |
| Deferred income taxes | 38,169 | 36,645 |
| Other long-term liabilities | 68,951 | 52,245 |
| Total liabilities | 2,848,744 | 2,424,537 |
| Commitments and contingencies | | |
| Stockholders' equity: | | |
| Preferred stock, \$0.01 par value, 10,000 shares authorized; zero shares issued and outstanding | — | — |
| Common stock, \$0.01 par value, 200,000 shares authorized; 116,701 and 116,052 shares issued and outstanding at June 30, 2020 and December 31, 2019, respectively | 1,167 | 1,161 |
| Additional paid-in capital | 578,239 | 574,955 |
| Retained earnings | 336,528 | 248,837 |
| Total stockholders' equity | 915,934 | 824,953 |
| Total liabilities and stockholders' equity | <u>\$ 3,764,678</u> | <u>\$ 3,249,490</u> |

BUILDERS FIRSTSOURCE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

| | Six Months Ended June 30, | |
|---|-------------------------------|------------------|
| | 2020 | 2019 |
| | (Unaudited) (In thousands) | |
| Cash flows from operating activities: | | |
| Net income | \$ 87,691 | \$ 102,312 |
| Adjustments to reconcile net income to net cash from operating activities: | | |
| Depreciation and amortization | 57,875 | 47,390 |
| Amortization of debt issuance costs and debt discount | 1,587 | 2,132 |
| Loss on extinguishment of debt, net | 5,349 | 1,498 |
| Deferred income taxes | 2,248 | 21,390 |
| Stock compensation expense | 6,720 | 6,038 |
| Net gain on sale of assets and asset impairments | (188) | (1,023) |
| Changes in assets and liabilities, net of assets acquired and liabilities assumed: | | |
| Receivables | (69,991) | (47,113) |
| Inventories | (53,685) | (20,631) |
| Other current assets | 2,987 | 7,271 |
| Other assets and liabilities | 39,452 | 1,057 |
| Accounts payable | 108,152 | 90,050 |
| Accrued liabilities | (18,311) | (31,586) |
| Net cash provided by operating activities | <u>169,886</u> | <u>178,785</u> |
| Cash flows from investing activities: | | |
| Purchases of property, plant and equipment | (54,809) | (45,392) |
| Proceeds from sale of property, plant and equipment | 1,451 | 4,620 |
| Cash used for acquisitions | (15,893) | — |
| Net cash used in investing activities | <u>(69,251)</u> | <u>(40,772)</u> |
| Cash flows from financing activities: | | |
| Borrowings under revolving credit facility | 791,000 | 594,000 |
| Repayments under revolving credit facility | (818,000) | (700,000) |
| Proceeds from issuance of notes | 895,625 | 400,000 |
| Repayments of long-term debt and other loans | (557,964) | (423,743) |
| Payments of debt extinguishment costs | (22,686) | — |
| Payments of loan costs | (13,800) | (7,278) |
| Exercise of stock options | 708 | 1,883 |
| Repurchase of common stock | (4,153) | (2,450) |
| Net cash provided by (used in) financing activities | <u>270,730</u> | <u>(137,588)</u> |
| Net change in cash and cash equivalents | 371,365 | 425 |
| Cash and cash equivalents at beginning of the period | 14,096 | 10,127 |
| Cash and cash equivalents at end of the period | <u>\$ 385,461</u> | <u>\$ 10,552</u> |

Supplemental disclosure of non-cash activities

Purchases of property, plant and equipment included in accounts payable were \$1.9 million and \$4.0 million for the six months ended June 30, 2020 and 2019, respectively.

The Company acquired assets under operating lease obligations of \$26.0 million and \$35.9 million for the six months ended June 30, 2020 and 2019, respectively. Additionally, the Company acquired assets under finance lease obligations of \$10.1 million and \$7.0 million for the six months ended June 30, 2020 and 2019, respectively.

The Company made cash payments for interest of \$55.4 million and \$50.0 million for the six months ended June 30, 2020 and 2019, respectively. Additionally, the Company made cash payments for taxes of \$0.3 million and \$2.8 million for the six months ended June 30, 2020 and 2019, respectively.

BUILDERS FIRSTSOURCE, INC. AND SUBSIDIARIES
Reconciliation of Adjusted Non-GAAP Financial Measures to their GAAP Equivalents
(unaudited)

Note: The company provided detailed explanations of these non-GAAP financial measures in its Form 8K filed with the Securities and Exchange Commission on July 30, 2020.

| | Three months ended June 30, | | Six months ended June 30, | | Twelve months ended June 30, |
|---|--------------------------------|----------------|------------------------------|----------------|---------------------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 |
| | (in millions) | | (in millions) | | |
| Reconciliation to Adjusted EBITDA: | | | | | |
| GAAP Net Income | \$ 78.9 | \$ 66.6 | \$ 87.7 | \$102.3 | \$ 207.2 |
| Acquisition and Integration Expense | 0.3 | 3.2 | 3.7 | 8.0 | 8.7 |
| Debt issuance and refinancing cost (1) | — | 4.3 | 28.0 | 3.6 | 34.6 |
| Adjusted Net Income | <u>79.2</u> | <u>74.1</u> | <u>119.4</u> | <u>113.9</u> | <u>250.5</u> |
| <i>Weighted average diluted common shares (in millions)</i> | 117.5 | 116.9 | 117.5 | 116.7 | |
| Diluted adjusted net income per share: | \$ 0.67 | \$ 0.63 | \$ 1.02 | \$ 0.98 | |
| Reconciling items: | | | | | |
| Depreciation and amortization expense | 28.5 | 23.8 | 57.9 | 47.4 | 110.5 |
| Interest expense, net | 26.8 | 25.1 | 50.7 | 50.7 | 99.4 |
| Income tax (benefit) expense | 23.5 | 19.7 | 23.8 | 30.9 | 53.8 |
| Stock compensation expense | 3.5 | 3.4 | 6.7 | 6.0 | 12.9 |
| (Gain)/loss on sale and asset impairments | 0.1 | (0.6) | — | (3.0) | (0.2) |
| Other management-identified adjustments (2) | 0.3 | 0.1 | 0.4 | 0.6 | 1.6 |
| Adjusted EBITDA | <u>\$161.9</u> | <u>\$145.6</u> | <u>\$258.9</u> | <u>\$246.5</u> | <u>\$ 528.5</u> |
| <i>Adjusted EBITDA Margin</i> | 8.3% | 7.6% | 7.0% | 7.0% | 7.1% |

(1) Costs associated with issuing and extinguishing long term debt in 2020 and 2019.

(2) Primarily relates to severance and one time cost.

BUILDERS FIRSTSOURCE, INC. AND SUBSIDIARIES
Financial Data
(adjusted and unaudited)

| | Three months ended | | Six months ended | |
|--|------------------------------------|----------------|------------------|-----------------|
| | June 30, | | June 30, | |
| | 2020 | 2019 | 2020 | 2019 |
| | (in millions except share amounts) | | | |
| Net sales | 1,945.6 | 1,904.5 | 3,732.7 | 3,535.8 |
| Cost of sales | 1,428.3 | 1,387.3 | 2,750.0 | 2,576.7 |
| Gross margin | 517.3 | 517.2 | 982.7 | 959.1 |
| Gross margin % | 26.6% | 27.2% | 26.3% | 27.1% |
| Adjusted SG&A/Other (excluding depreciation and amortization) as a % of sales (1) | 18.3% | 19.5% | 19.4% | 20.1% |
| Adjusted EBITDA | 161.9 | 145.6 | 258.9 | 246.5 |
| Adjusted EBITDA margin % | 8.3% | 7.6% | 6.9% | 7.0% |
| Depreciation and amortization | (28.5) | (23.8) | (57.9) | (47.4) |
| Interest expense, net of debt issuance cost and refinancing | (26.8) | (25.1) | (50.7) | (50.7) |
| Income tax expense | (23.5) | (19.7) | (23.8) | (30.9) |
| Other adjustments | (3.9) | (2.9) | (7.1) | (3.6) |
| Adjusted Net Income | <u>\$ 79.2</u> | <u>\$ 74.1</u> | <u>\$ 119.4</u> | <u>\$ 113.9</u> |
| Basic adjusted net income per share: | <u>\$ 0.68</u> | <u>\$ 0.64</u> | <u>\$ 1.03</u> | <u>\$ 0.99</u> |
| Diluted adjusted net income per share: | <u>\$ 0.67</u> | <u>\$ 0.63</u> | <u>\$ 1.02</u> | <u>\$ 0.98</u> |
| Weighted average common shares (in millions) | | | | |
| Basic | 116.6 | 115.8 | 116.4 | 115.6 |
| Diluted | 117.5 | 116.9 | 117.5 | 116.7 |

Note: The company provided detailed explanations of these non-GAAP financial measures in its Form 8-K filed with the Securities and Exchange Commission on July 30, 2020.

- (1) Adjusted SG&A and other as a percentage of sales is defined as GAAP SG&A less depreciation and amortization, stock comp, acquisition, integration and other expenses. GAAP SG&A in Q2-20 of \$388.0M less \$28.5M depreciation and amortization, less \$0.3M of acquisition and integration expenses, less \$3.5M of stock comp.

BUILDERS FIRSTSOURCE, INC. AND SUBSIDIARIES
Sales by Product Category
(adjusted and unaudited)

| | Three months ended June 30, | | | | | | Six months ended June 30, | | | | | | % Change Per Day | % Core Organic (1) |
|---|--------------------------------|-------------------|-------------------|-------------------|-------------|-----------------------|------------------------------|-------------------|-------------------|-------------------|-------------|-------------|---------------------|-----------------------|
| | 2020 | | 2019 | | % Change | % Core Organic (1) | 2020 | | 2019 | | % Change | | | |
| | Net Sales | % of Net Sales | Net Sales | % of Net Sales | | | Net Sales | % of Net Sales | Net Sales | % of Net Sales | | | | |
| Manufactured Products | \$ 365.8 | 18.8% | \$ 374.3 | 19.7% | -2.3% | -6.3% | \$ 720.2 | 19.3% | \$ 691.7 | 19.6% | 4.1% | 3.3% | -1.7% | |
| Windows, Doors & Millwork | 404.0 | 20.8% | 391.0 | 20.5% | 3.3% | 1.1% | 795.4 | 21.3% | 744.4 | 21.1% | 6.9% | 6.0% | 3.9% | |
| Value-Added Products | 769.8 | 39.6% | 765.3 | 40.2% | 0.6% | -2.5% | 1,515.6 | 40.6% | 1,436.1 | 40.7% | 5.5% | 4.7% | 1.2% | |
| Gypsum, Roofing & Insulation | 125.8 | 6.5% | 138.4 | 7.3% | -9.1% | -9.3% | 236.6 | 6.3% | 259.3 | 7.3% | -8.8% | -9.5% | -9.6% | |
| Siding, Metal & Concrete Products | 200.6 | 10.3% | 191.3 | 10.0% | 4.9% | 2.6% | 369.5 | 9.9% | 341.2 | 9.6% | 8.3% | 7.4% | 4.8% | |
| Other | 227.3 | 11.6% | 208.0 | 10.9% | 9.3% | 1.6% | 436.3 | 11.7% | 380.0 | 10.7% | 14.8% | 13.9% | 3.7% | |
| Specialized Products & Other | 553.7 | 28.4% | 537.7 | 28.2% | 3.0% | -0.8% | 1,042.4 | 27.9% | 980.5 | 27.6% | 6.3% | 5.5% | 0.6% | |
| Lumber & Lumber Sheet Goods | \$ 622.1 | 32.0% | \$ 601.5 | 31.6% | 3.4% | -2.9% | \$ 1,174.7 | 31.5% | \$ 1,119.2 | 31.7% | 5.0% | 4.1% | -0.1% | |
| Total adjusted net sales | \$ 1,945.6 | 100.0% | \$ 1,904.5 | 100.0% | 2.2% | -2.1% | \$ 3,732.7 | 100.0% | \$ 3,535.8 | 100.0% | 5.6% | 4.7% | 0.6% | |

(1) Core Organic Growth excludes acquisitions, commodity price fluctuations and differences in selling days between periods.

BUILDERS FIRSTSOURCE, INC. AND SUBSIDIARIES

**Interest Reconciliation
(unaudited)**

| | Three months ended | | Six months ended | | | |
|---|--------------------|-------------|------------------|----------------------|-----------|----------------|
| | June 30, | | June 30, | | | |
| | 2020 | | 2020 | | | |
| | Interest Expense | | Interest Expense | Net Debt Outstanding | | |
| | (in millions) | | (in millions) | | | |
| 2030 Secured Notes @ 5% | \$ | 6.9 | \$ | 10.6 | \$ | 550.0 |
| 2027 Secured Notes @ 6.75% | | 11.6 | | 19.3 | | 777.5 |
| 2024 Secured Notes @ 5.625% | | — | | 3.9 | | — |
| 2024 Term Loan @ 4.5% Floating LIBOR | | 0.6 | | 1.2 | | 52.0 |
| Revolving Credit Facility @ 3.8% Floating LIBOR | | 1.7 | | 3.6 | | — |
| Amortization of debt issuance costs, discount and premium | | 0.9 | | 1.6 | | — |
| Finance leases and other finance obligations | | 5.2 | | 10.5 | | 243.0 |
| Loss on debt extinguishment | | — | | 28.0 | | — |
| Other | | (0.1) | | — | | 0.0 |
| Cash | | — | | — | | (385.5) |
| Total | \$ | 26.8 | \$ | 78.7 | \$ | 1,237.0 |

| | Three months ended | | Six months ended | |
|----------------------------|--------------------|------------|------------------|------------|
| | June 30, | | June 30, | |
| | 2020 | | 2020 | |
| | (in millions) | | (in millions) | |
| Free Cash Flow | | | | |
| Operating activities | \$ | 221 | \$ | 170 |
| Less: Capital expenditures | | (26) | | (55) |
| Free Cash Flow | \$ | 194 | \$ | 115 |