

BMC STOCK HOLDINGS, INC.

Second Quarter 2018 Earnings Presentation

July 30, 2018

Disclaimer

This presentation contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements in this document may include, without limitation, statements regarding sales growth, price changes, earnings performance, strategic direction and the demand for our products. Forward-looking statements are typically identified by words or phrases such as "may," "might," "predict," "future," "seek to," "assume," "goal," "objective," "continue," "will," "could," "should," "would," "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," "target," "prospects," "guidance," "possible," "predict," "propose," "potential" and "forecast," or the negative of such terms and other words, terms and phrases of similar meaning. Forward-looking statements involve estimates, expectations, projections, goals, forecasts, assumptions, risks and uncertainties, many of which are outside BMC's control. BMC cautions readers that any forward-looking statement is not a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking statement; therefore, investors and shareholders should not place undue reliance on such statement. There are a number of risks and uncertainties that could cause actual results to differ materially from the forward-looking statements included in this communication.

A number of important factors could cause actual results to differ materially from those indicated by the forward-looking statements. These factors include without limitation: the state of the homebuilding industry and repair and remodeling activity, the economy and the credit markets; the impact of potential changes in our customer or product sales mix; our concentration of business in the Texas, California and Georgia markets; the potential loss of significant customers or a reduction in the quantity of products they purchase; seasonality and cyclicality of the building products supply and services industry; competitive industry pressures and competitive pricing pressure from our customers and competitors; fluctuation of commodity prices and prices of our products; our exposure to product liability, warranty, casualty, construction defect, contract, tort, employment and other claims and legal proceedings; our ability to maintain profitability; our ability to retain our key employees and to attract and retain new qualified employees, while controlling our labor costs; product shortages, loss of key suppliers or failure to develop relationships with qualified suppliers, and our dependence on third-party suppliers and manufacturers; the implementation of our supply chain and technology initiatives; the impact of long-term non-cancelable leases at our facilities; our ability to effectively manage inventory and working capital; the credit risk from our customers; the impact of pricing pressure from our customers; our ability to identify or respond effectively to consumer needs, expectations, market conditions or trends; our ability to successfully implement our growth strategy; the impact of federal, state, local and other laws and regulations; the impact of changes in legislation and government policy; the impact of unexpected changes in our tax provisions and adoption of new tax legislation; our ability to utilize our net operating loss carryforwards; natural or man-made disruptions to our distribution and manufacturing facilities; our exposure to environmental liabilities and subjection to environmental laws and regulation; the impact of health and safety laws and regulations; the impact of disruptions to our information technology systems; cybersecurity risks; our exposure to losses if our insurance coverage is insufficient; our ability to operate on multiple Enterprise Resource Planning ("ERP") information systems and convert multiple systems to a single system; the impact of our indebtedness; the various financial covenants in our secured credit agreement and senior secured notes indenture; and other factors discussed or referred to in the "Risk Factors" section of BMC's most recent Annual Report on Form 10-K filed with the SEC on March 1, 2018.

All such factors are difficult to predict and are beyond BMC's control. All forward-looking statements attributable to BMC or persons acting on BMC's behalf are expressly qualified in their entirety by the foregoing cautionary statements. All such statements speak only as of the date made, and BMC undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

<u>Basis of Presentation</u>

On December 1, 2015, the merger (the “Merger”) of Stock Building Supply Holdings, Inc. (“SBS” or “Legacy SBS”) with Building Materials Holding Corporation (“Legacy BMC”) was completed. Some of this presentation includes financial and operating results, plans, objectives, expectations and intentions, and other statements that are not historical facts related to the Merger. The Merger was accounted for as a “reverse acquisition” under the acquisition method of accounting, with Legacy SBS treated as the legal acquirer and Legacy BMC treated as the acquirer for accounting purposes. As such, the Company has accounted for the Merger by using Legacy BMC historical information and accounting policies and adding the assets and liabilities of Legacy SBS as of the completion date of the Merger at their estimated fair values. As a result, current year results reported pursuant to U.S. generally accepted accounting principles (“GAAP”) are not comparable to periods prior to the completion of the Merger.

Non-GAAP (Adjusted) Financial Measures

Adjusted net sales, Adjusted gross profit, Adjusted EBITDA, Adjusted EBITDA margin, Adjusted net income and Adjusted net income per diluted share are intended as supplemental measures of the Company's performance that are not required by, or presented in accordance with, GAAP. The Company believes that Adjusted net sales, Adjusted gross profit, Adjusted EBITDA, Adjusted EBITDA margin, Adjusted net income and Adjusted net income per diluted share provide useful information to management and investors regarding certain financial and business trends relating to the Company's financial condition and operating results.

- Adjusted net sales is defined as BMC net sales plus pre-Merger SBS net sales.
- Adjusted gross profit is defined as BMC gross profit plus pre-Merger SBS gross profit and inventory step-up charges.
- Adjusted EBITDA is defined as net income (loss) adjusted for pre-Merger SBS (loss) income from continuing operations, interest expense, income tax expense (benefit), depreciation and amortization, Merger and integration costs, restructuring expense, inventory step-up charges, non-cash stock compensation expense, loss on debt extinguishment, headquarters relocation expense, insurance deductible reserve adjustment and fire casualty loss, loss on portfolio transfer, acquisition costs and other items and impairment of assets.
- Adjusted EBITDA margin is defined as Adjusted EBITDA divided by net sales or, for 2015 and prior periods, Adjusted net sales.
- Adjusted net income is defined as BMC net income adjusted for merger and integration costs, non-cash stock compensation expense, acquisition costs, other items and after-tax effecting those items.
- Adjusted net income per diluted share is defined as Adjusted net income divided by diluted weighted average shares.

Company management uses Adjusted net sales, Adjusted gross profit, Adjusted EBITDA, Adjusted EBITDA margin, Adjusted net income and Adjusted net income per diluted share for trend analyses, for purposes of determining management incentive compensation and for budgeting and planning purposes. Adjusted net sales and Adjusted EBITDA are used in monthly financial reports prepared for management and the board of directors. The Company believes that the use of Adjusted net sales, Adjusted gross profit, Adjusted EBITDA, Adjusted EBITDA margin, Adjusted net income and Adjusted net income per diluted share provide additional tools for investors to use in evaluating ongoing operating results and trends and in comparing the Company's financial measures with other distribution and retail companies, which may present similar non-GAAP financial measures to investors. However, the Company's calculation of Adjusted net sales, Adjusted gross profit, Adjusted EBITDA, Adjusted EBITDA margin, Adjusted net income and Adjusted net income per diluted share are not necessarily comparable to similarly titled measures reported by other companies. Company management does not consider Adjusted net sales, Adjusted gross profit, Adjusted EBITDA, Adjusted EBITDA margin, Adjusted net income and Adjusted net income per diluted share in isolation or as alternatives to financial measures determined in accordance with GAAP. The principal limitation of Adjusted EBITDA and Adjusted net income is that they exclude significant expenses and income that are required by GAAP to be recorded in the Company's financial statements. Some of these limitations are: (i) Adjusted EBITDA and Adjusted net income do not reflect changes in, or cash requirements for, working capital needs; (ii) Adjusted EBITDA does not reflect interest expense, or the requirements necessary to service interest or principal payments on debt; (iii) Adjusted EBITDA does not reflect income tax expenses or the cash requirements to pay taxes; (iv) Adjusted net income and Adjusted EBITDA do not reflect historical cash expenditures or future requirements for capital expenditures or contractual commitments; (v) although depreciation and amortization charges are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future and Adjusted EBITDA and Adjusted net income do not reflect any cash requirements for such replacements and (vi) Adjusted net income and Adjusted EBITDA do not consider the potentially dilutive impact of issuing non-cash stock-based compensation. In order to compensate for these limitations, management considers Adjusted net sales, Adjusted EBITDA and Adjusted net income in conjunction with GAAP results. Readers should review the reconciliations of net sales to Adjusted net sales, gross profit to Adjusted gross profit, net income (loss) to Adjusted EBITDA and Adjusted net income, included in the Appendix, and should not rely on any single financial measure to evaluate the Company's business.

Second Quarter 2018 Highlights

Strong Growth in Value-Added Components	• Structural Components growth of 21.2% • $60.1 million in Q2 Ready-Frame® sales, up 32.7% • Total net sales up 12.6%
Gross Profit Improvement	• Gross profit dollars up 13.2%, gross margin up 10 bps • Reflects 40 bps year-over-year improvement in gross margin within the Lumber & Lumber Sheet Goods product category
Improved Profitability	• Net income grew $22.8 million to $40.4 million • Adjusted net income per diluted share[1] of $0.64, up $0.30
Adjusted EBITDA[1] Growth	• Adjusted EBITDA[1] up $19.3 million to $78.8 million • Adjusted EBITDA margin[1] of 7.9%, up 120 bps over Q2 17
Operating Cash Flow	• Delivered $27.7 million of operating cash flow
Operational Excellence	• Unlocking productivity opportunities through LEAN training • Improving efficiency in our manufacturing and distribution operations • Investing to increase automation in our processes

1. Adjusted net income per diluted share, Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP financial measures. See Non-GAAP (Adjusted) Financial Measures pages of this presentation for definition of Adjusted Net Income and Adjusted EBITDA and a reconciliation to net income, the most directly comparable GAAP measure.

BMC

Sharpening the Focus on Our Growth Strategies

STRATEGIC PRIORITIES

GOAL

Achieve Industry-Leading Financial Performance through Customer Service Leadership and Operational Excellence

PILLARS

1 Organic Growth of Value Added Products and Segments	2 Deliver Operational Excellence with the BMC Operating System	3 Build High Performing Culture	4 Pursue Strategic Expansion
Balance Customer Portfolio: • Maximize Single Family Potential • Grow Multi-Family in select markets • Grow Pro Remodeling Segment Increase Mix of Value Added Products: • Millwork • Windows • Doors • Components	Best in Class Customer Service Optimize Profitability: • Profitable Pricing • Purchasing Rigor • SG&A Optimization Drive Continuous Improvement	Performance Management BMC Leadership Academy: • Talent Development • Recruiting College Graduate Management Training Program	Areas of Focus for Tuck-In Acquisitions: • Value Added Products • Pro Remodel • Improved Local Scale • Expand Geographically

KEY ACTIVITIES (rows above)

Solid Balance Sheet Provides Foundation for Growth

Operational Excellence to Drive Continuous Improvement

BMC OPERATING SYSTEM

PEOPLE. PROCESS. PERFORMANCE.

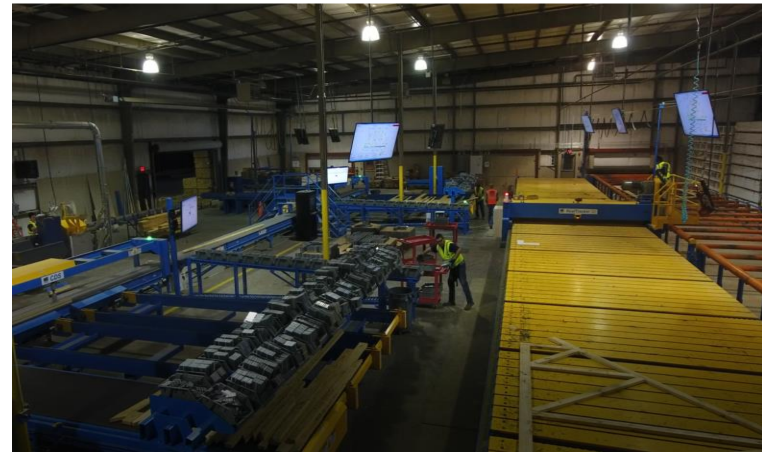
- Best-in-Class Customer Service
- Gain Efficiencies Using Lean Principles
- Reduce Cost Structure
- Increase Productivity
- Drive Continuous Improvement

Using Lean principles to identify opportunities and create best practices to improve service, increase efficiencies and remove costs from the business.

Developed First-Of-Its-Kind Automated Truss Facility in Atlanta

Expected Improvements Versus a Traditional Truss Line

- ✓ Enhanced Employee Safety
- ✓ 50% increase in production per assembly line[1]
- ✓ 33% increase in labor productivity[2]
- ✓ Faster training and reduced turnover of employees
- ✓ Increased sales capacity
- ✓ Better quality for our customers
- ✓ Deploying in additional markets in 2019



See the automation in action at ir.buildwithbmc.com
or on YouTube at https://youtu.be/AxVT5ee8OMw

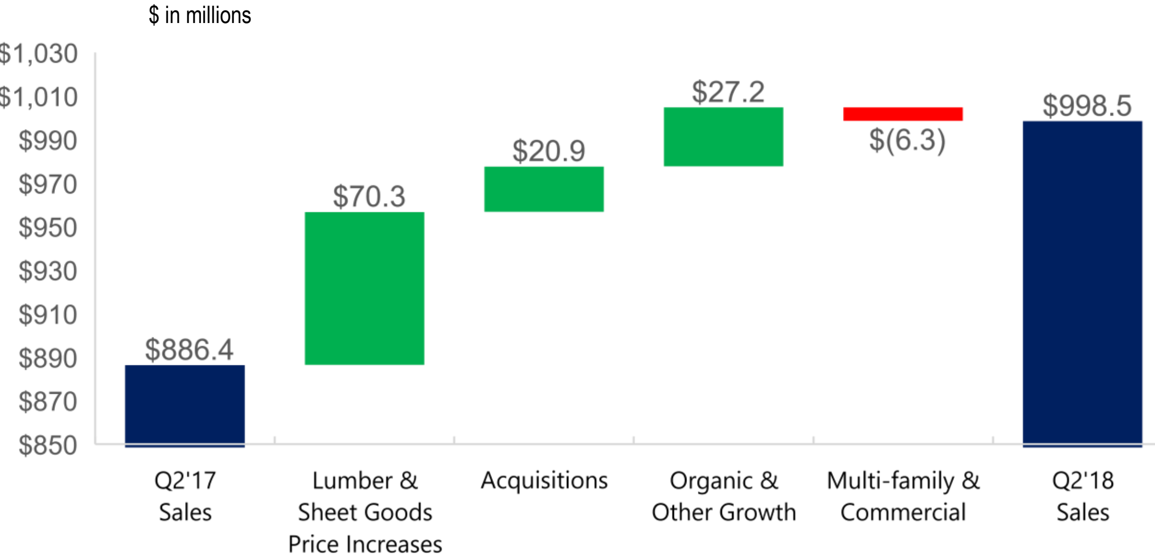
Traditional Truss Line

Automated Truss Line

1. Production increases are measured in board feet per length of table
2. Labor reduction is measured in board feet per man hour

Q2 2018 Financial Results

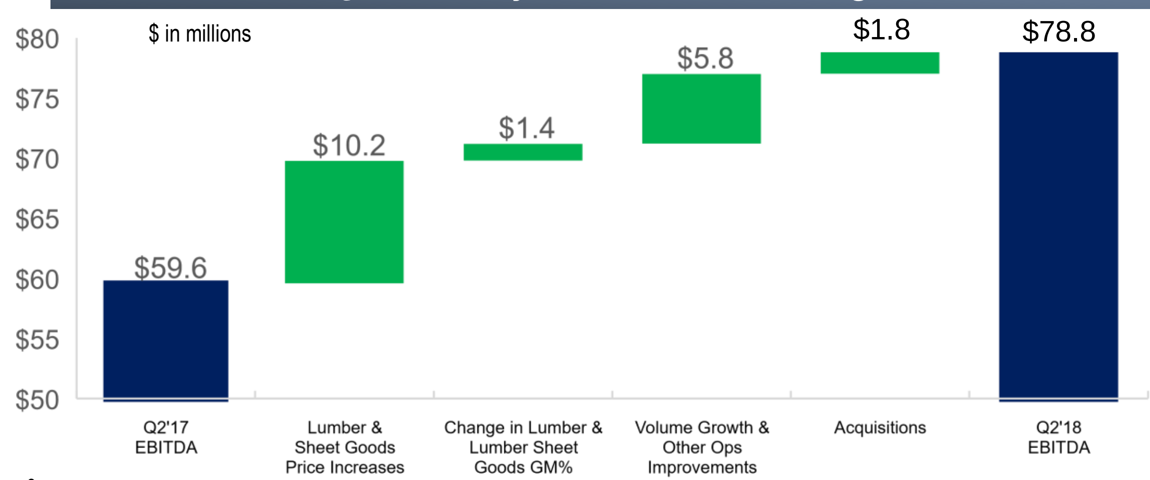
Q2 2018 Net Sales Bridge



Q2 2018 Commentary

- Net sales growth of 12.6%
- Commodity price increases add $70.3 million to net sales as average selling prices up ~25% vs. prior year
- Strong 21.2% growth in structural components
- 15.1% growth from single-family homebuilders and 19.5% growth from remodeling contractors
- Sales from Shone Lumber total $20.9 million

Q2 2018 Adjusted EBITDA[1] Bridge

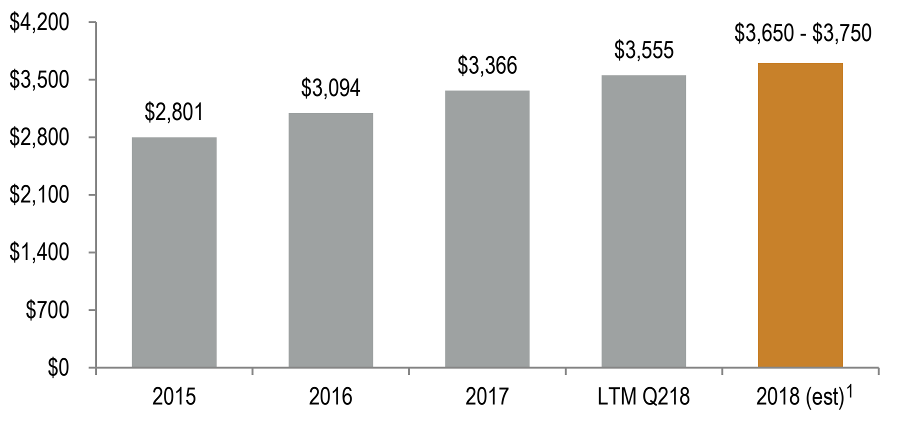


- 32.3% improvement in Adjusted EBITDA[1]
- Inflationary benefits accelerate as higher prices more fully absorbed
- Lumber and lumber sheet goods gross margin up 40 bps
- $5.8 million of incremental EBITDA from volume growth and SG&A leverage
- Acquisition of Shone Lumber adds $1.8 million in Adjusted EBITDA[1]

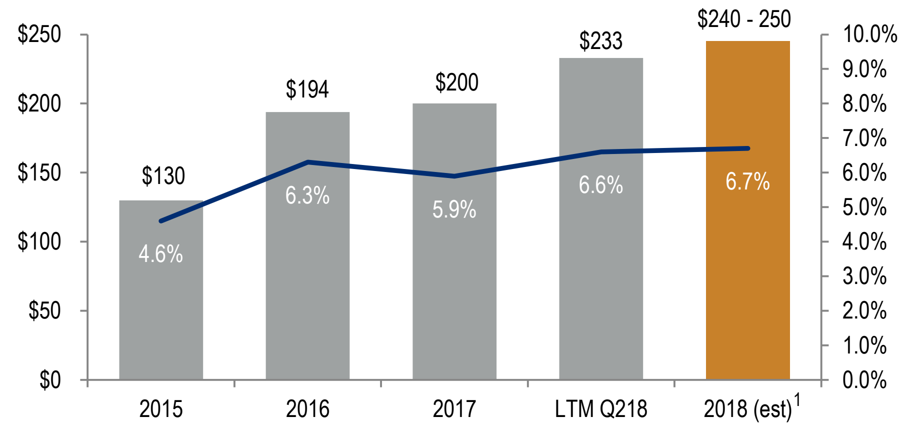
1. Adjusted EBITDA is a non-GAAP financial measure. See Non-GAAP (Adjusted) Financial Measures pages of this presentation for definition of Adjusted EBITDA and a reconciliation to net income, the most directly comparable GAAP measure.

Solid Start in 1H 2018 Raises Confidence for Full Year 2018

Adjusted Net Sales[2] ($mm)



Adjusted EBITDA[2] ($mm)



- LTM Q218 Adjusted net sales and Adjusted EBITDA CAGR of 10% and 26%, respectively, since BMC / Stock merger closed in December 2015
- LTM Q218 Adjusted EBITDA of 6.6%, up 200 basis points since 2015
- Raising 2018 net sales estimates to $3.65 billion to $3.75 billion (8.5% - 11.5% YoY growth)
- Raising 2018 Adjusted EBITDA estimates to $240 million to $250 million
- Estimated 2018 incremental Adjusted EBITDA margins of 12 – 15%, above mid-point of longer-term goal of 10 -15%

1. Revised or newly provided information as compared to last update provided on May 8, 2018
2. Adjusted Net Sales and Adjusted EBITDA are non-GAAP financial measures. See Non-GAAP (Adjusted) Financial Measures pages of this presentation for definitions or Net Sales and Adjusted EBITDA

Strong Balance Sheet to Support Growth

Flexibility for Continued Investments and Disciplined, Accretive M&A

Attractive Cash Flow Dynamics

- Improving Adjusted EBITDA[1] trends
- Working capital usage ~12-13% of sales
- 2018 Expectations:
  - Capital expenditures: $55 to $65 million[2]
  - Depreciation expense: $50 to $55 million
  - Amortization expense: $15 to $16 million
  - Interest expense: $24 to $26 million
  - Effective tax rate: 23.5% - 24.5%[3]

Balance Sheet Positioned to Invest

6/30/2018 Long-Term Debt
$345 million

Long-Term Debt/ LTM 6/30/2018
Adjusted EBITDA (1)
1.5x

- $375 million revolving ABL facility with extended maturity; No borrowings outstanding at 6/30/2018
- $313.9 million of availability for strategic investments and seasonal working capital needs
- $350 million 5.5% Senior Secured Notes maturing 2024
- Leverage target of 2.0x to 2.5x allows flexibility to make strategic investments but remains prudent

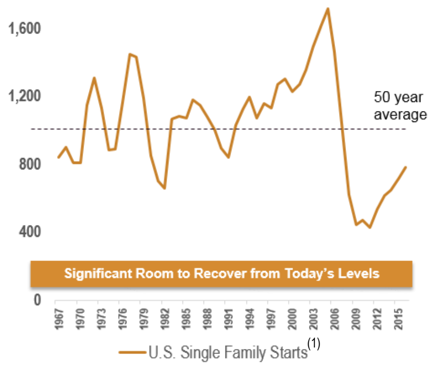
1. Adjusted EBITDA is a non-GAAP financial measure. See Non-GAAP (Adjusted) Financial Measures pages of this presentation for definition of Adjusted EBITDA.
2. The 2018 capital expenditure expectation includes the incurrence of capital lease obligations and is net of proceeds from the sale of property, equipment and real estate
3. Revised from previous expectation provided on May 8, 2018

Driving Long-Term Shareholder Value -

Leveraging Strong Foundation and Core Capabilities to Accelerate Profitable Growth

Favorable Macro Trends

- ✓ Job & Wage Growth
- ✓ Consumer Confidence
- ✓ Low Interest Rates
- ✓ Low Levels of Inventory
- ✓ Favorable demographics



Differentiated Value-Added Solutions

- ✓ Ready-Frame® - Revolutionary framing solution, helping builders navigate labor shortage
- ✓ E-Business Suite – Providing customers what they want when and how they want it
- ✓ Wide Breadth of Value-Added Offerings:
  - ➢ Structural Components, including EWP, trusses, wall panels, etc.
  - ➢ Millwork, Doors & Windows

Growth Strategies to Drive Profitable Growth

- ✓ Expand Value-Added Categories:
  - ➢ Structural Components
  - ➢ Millwork, Doors & Windows
- ✓ Execute with Culture of Operational Excellence, Customer Service and Innovation
- ✓ Strategic Tuck-In Acquisitions
- ✓ Gain Market Share in Professional Remodeling

Solid Balance Sheet Provides Foundation for Growth

(1) Source: United States Census Bureau.

BMC

Appendix

BMC Stock Holdings Reported (GAAP) Income Statement

($ths)	FY 2015	FY 2016	Q1 17	Q2 17	Q3 17	Q4 17	FY 2017	Q1 18	Q2 18	LTM Q2 18
Net sales	1,576,746	3,093,743	757,700	886,375	881,012	840,881	3,365,968	834,202	998,461	3,554,556
Cost of sales	1,215,336	2,351,778	579,503	674,688	671,467	644,795	2,570,453	635,118	758,862	2,710,242
Gross profit	361,410	741,965	178,197	211,687	209,545	196,086	795,515	199,084	239,599	844,314
SG&A	306,843	571,799	148,888	157,789	158,193	154,676	619,546	160,204	169,828	642,901
Depreciation expense	15,700	38,441	10,561	10,941	11,053	10,467	43,022	9,506	9,758	40,784
Amortization expense	3,626	20,721	3,821	4,100	4,026	4,056	16,003	3,657	3,816	15,555
Impairment of assets	-	11,928	-	26	409	-	435	-	-	409
Merger and integration costs	22,993	15,340	4,441	6,324	2,574	1,997	15,336	1,687	481	6,739
Income (loss) from operations	12,248	83,736	10,486	32,507	33,290	24,890	101,173	24,030	55,716	137,926
Interest expense	(27,552)	(30,131)	(6,088)	(6,495)	(6,377)	(6,076)	(25,036)	(5,982)	(6,008)	(24,443)
Loss on debt extinguishment	-	(12,529)	-	-	-	-	-	-	-	-
Other income (expense), net	784	4,070	319	964	1,083	3,324	5,690	1,950	2,927	9,284
(Loss) income before income taxes	(14,520)	45,146	4,717	26,976	27,996	22,138	81,827	19,998	52,635	122,767
Income tax (benefit) expense	(9,689)	14,266	973	9,380	9,553	4,496	24,402	4,639	12,230	30,918
Net (loss) income	(4,831)	30,880	**3,744**	**17,596**	**18,443**	**17,642**	57,425	**15,359**	**40,405**	91,849

BMC Stock Holdings Reconciliation of Non-GAAP Items

Adjusted Net Sales

($ths)	FY 2015	FY 2016	Q1 17	Q2 17	Q3 17	Q4 17	FY 2017	Q1 18	Q2 18	**LTM Q2 18**
Net sales	1,576,746	3,093,743	757,700	886,375	881,012	840,881	3,365,968	834,202	998,461	**3,554,556**
Pre-merger SBS net sales	1,223,875	-	-	-	-	-	-	-	-	**-**
Adjusted net sales	2,800,621	3,093,743	757,700	886,375	881,012	840,881	3,365,968	834,202	998,461	**3,554,556**
Structural components	420,337	461,761	109,891	138,306	145,185	129,237	522,619	135,829	167,617	**577,868**
Lumber & sheet goods	864,868	938,563	244,436	290,499	294,699	284,585	1,114,219	288,086	368,123	**1,235,493**
Millwork, doors & windows	794,643	894,889	210,751	240,999	225,804	229,823	907,377	229,518	249,194	**934,339**
Other building prods & svcs	720,773	798,530	192,622	216,571	215,324	197,236	821,753	180,769	213,527	**806,856**
Adjusted net sales by product category	2,800,621	3,093,743	757,700	886,375	881,012	840,881	3,365,968	834,202	998,461	**3,554,556**
Gross profit	361,410	741,965	178,197	211,687	209,545	196,086	795,515	199,084	239,599	**844,314**
Pre-merger SBS gross profit	298,393	-	-	-	-	-	-	-	-	**-**
Inventory step-up charges	10,285	2,884	-	-	-	-	-	-	-	**-**
Adjusted gross profit	670,088	744,849	178,197	211,687	209,545	196,086	795,515	199,084	239,599	**844,314**
Adjusted gross margin %	23.9%	24.1%	23.5%	23.9%	23.8%	23.3%	23.6%	23.9%	24.0%	**23.8%**

BMC Stock Holdings Reconciliation of Non-GAAP Items

Adjusted EBITDA

($ths)	FY 2015	FY 2016	Q1 17	Q2 17	Q3 17	Q4 17	FY 2017	Q1 18	Q2 18	LTM Q2 18
Net income (loss)	(4,831)	30,880	**3,744**	**17,596**	**18,443**	**17,642**	57,425	**15,359**	**40,405**	91,849
Pre-merger SBS (loss) income from continuing operations	6,842	-	-	-	-	-	-	-	-	-
Interest expense	30,189	30,131	6,088	6,495	6,377	6,076	25,036	5,982	6,008	24,443
Income tax expense (benefit)	(9,974)	14,266	973	9,380	9,553	4,496	24,402	4,639	12,230	30,918
Depreciation and amortization	39,251	68,680	16,813	17,558	17,625	17,221	69,217	15,681	16,253	66,780
Merger and integration costs	37,998	15,340	4,441	6,324	2,574	1,997	15,336	1,687	481	6,739
Restructuring expense	383	-	-	-	-	-	-	-	-	-
Inventory step-up charges	10,285	2,884	-	-	-	-	-	-	-	-
Non-cash stock compensation expense	5,452	7,252	1,231	2,154	1,366	2,018	6,769	1,775	3,141	8,300
Loss on debt extinguishment	-	12,529	-	-	-	-	-	-	-	-
Headquarters relocation	3,865	-	-	-	-	-	-	-	-	-
Insurance deductible reserve adj. and fire casualty loss	3,026	-	-	-	-	-	-	-	-	-
Loss on portfolio transfer	2,826	-	-	-	-	-	-	-	-	-
Acquisition costs and other items	4,216	-	273	44	2,950	(1,884)	1,383	2,057	311	3,434
Impairment of assets	-	11,928	-	26	409	-	435	-	-	409
Adjusted EBITDA	129,528	193,890	**33,563**	**59,577**	**59,297**	**47,566**	200,003	**47,180**	**78,829**	232,872
Adjusted EBITDA margin	4.6%	6.3%	**4.4%**	**6.7%**	**6.7%**	**5.7%**	5.9%	**5.7%**	**7.9%**	6.6%

BMC Stock Holdings Reconciliation of Non-GAAP Items

Adjusted Net Income and Adjusted Earnings Per Share

(in $ths, except per share amounts)	Q2 2018	Q2 2017
Net income	**40,405**	**17,596**
Merger and integration costs	481	6,324
Non-cash stock compensation expense	3,141	2,154
Acquisition Costs (a)	33	44
Other Items (b)	278	26
Tax effect of adjustments to net income (c)	(928)	(3,188)
Adjusted net income	**43,410**	**22,956**
Diluted weighted avg. shares	67,667	67,394
Adjusted net income per diluted share	**$0.64**	**$0.34**

(a) For the three months ended June 30, 2018, represents costs incurred related to the acquisition of W.E. Shone Co. For the three months ended June 30, 2017, represents costs incurred related to the acquisitions of Code Plus Components, LLC and Texas Plywood and Lumber Company, Inc.

(b) For the three months ended June 30, 2018, represents executive search costs incurred in connection with the CEO search effort underway following the departure of the Company's former chief executive officer. For the three months ended June 30, 2017, represents asset impairment charges related to real estate held for sale.

(c) The tax effect of adjustments to net income was based on the respective transactions' income tax rate, which was 23.6% and 37.3% for the three months ended June 30, 2018 and 2017, respectively.

Estimated 2018 Adjusted EBITDA (Non-GAAP) Reconciliation

$ in thousands

	Low	High
Estimated FY 2018 Adjusted EBITDA	**$240,000**	**$250,000**
Interest	$26,000	$24,000
Depreciation	$55,000	$50,000
Amortization	$16,000	$15,000
Other Expenses[1]	$21,000	$17,000
Income Taxes (23.5% - 24.5%)	$29,890	$33,840
Estimated 2018 Net Income	**$92,110**	**$110,160**

1. "Other" includes non-cash stock compensation, Merger & Integration costs and other