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

Form 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2019

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ___ to ___
Commission file number 001-36050

BMC Stock Holdings, Inc.

(Exact name of Registrant as specified in its charter)

Delaware	**26-4687975**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
8020 Arco Corporate Drive, Suite 400 **Raleigh, North Carolina**	**27617**
(Address of principal executive offices)	**(Zip Code)**

(919) 431-1000
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		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. ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares outstanding of the Registrant's common stock, par value $0.01 per share, at April 30, 2019 was 66,507,046 shares.

BMC STOCK HOLDINGS, INC. AND SUBSIDIARIES
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PART I. FINANCIAL INFORMATION

ITEM 1 FINANCIAL STATEMENTS

BMC STOCK HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(in thousands, except share and per share amounts)	March 31, 2019	December 31, 2018
Assets		
Current assets		
Cash and cash equivalents	$ 141,582	$ 150,723
Accounts receivable, net of allowances	320,088	298,440
Inventories, net	315,323	309,279
Contract assets	33,778	32,348
Prepaid expenses and other current assets	58,677	56,249
Total current assets	869,448	847,039
Property and equipment, net of accumulated depreciation	303,049	294,327
Operating lease right-of-use assets	109,448	—
Customer relationship intangible assets, net of accumulated amortization	177,503	158,563
Other intangible assets, net of accumulated amortization	508	325
Goodwill	275,845	262,997
Other long-term assets	9,386	12,860
Total assets	$ 1,745,187	$ 1,576,111
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	$ 199,265	$ 123,495
Accrued expenses and other liabilities	78,127	110,276
Contract liabilities	32,961	34,888
Income taxes payable	160	902
Interest payable	9,572	4,759
Current portion:		
Long-term debt and finance lease obligations	6,497	6,661
Operating lease liabilities	23,820	—
Insurance reserves	16,202	15,198
Total current liabilities	366,604	296,179
Insurance reserves	43,388	41,270
Long-term debt	345,405	345,197
Long-term portion of finance lease obligations	7,301	8,845
Long-term portion of operating lease liabilities	91,380	—
Deferred income taxes	9,805	3,034
Other long-term liabilities	287	6,927
Total liabilities	864,170	701,452
Commitments and contingencies (Note 9)		
Stockholders' equity		
Preferred stock, $0.01 par value, 50.0 million shares authorized, no shares issued and outstanding at March 31, 2019 and December 31, 2018	—	—
Common stock, $0.01 par value, 300.0 million shares authorized, 68.0 million and 67.7 million shares issued, and 66.5 million and 67.2 million outstanding at March 31, 2019 and December 31, 2018, respectively	680	677
Additional paid-in capital	675,139	672,095
Retained earnings	230,695	210,345
Treasury stock, at cost, 1.5 million and 0.5 million shares at March 31, 2019 and December 31, 2018, respectively	(25,497)	(8,458)
Total stockholders' equity	881,017	874,659
Total liabilities and stockholders' equity	$ 1,745,187	$ 1,576,111

The accompanying notes are an integral part of these condensed consolidated financial statements.

BMC STOCK HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

(in thousands, except per share amounts)	Three Months Ended March 31, 2019	2018
Net sales		
Building products	$ 620,915	$ 645,954
Construction services	204,490	188,248
	825,405	834,202
Cost of sales		
Building products	444,937	480,301
Construction services	164,346	154,817
	609,283	635,118
Gross profit	216,122	199,084
Selling, general and administrative expenses	169,934	160,204
Depreciation expense	9,573	9,506
Amortization expense	4,347	3,657
Merger and integration costs	2,790	1,687
	186,644	175,054
Income from operations	29,478	24,030
Other income (expense)		
Interest expense	(6,038)	(5,982)
Other income, net	2,910	1,950
Income before income taxes	26,350	19,998
Income tax expense	6,000	4,639
Net income	$ 20,350	$ 15,359
Weighted average common shares outstanding		
Basic	66,782	67,138
Diluted	67,282	67,664
Net income per common share		
Basic	$ 0.30	$ 0.23
Diluted	$ 0.30	$ 0.23

The accompanying notes are an integral part of these condensed consolidated financial statements.

BMC STOCK HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED)

	Common Stock		Treasury Stock		Additional Paid-in Capital	Retained Earnings	Total
(in thousands)	Shares	Amount	Shares	Amount			
Stockholders' equity as of December 31, 2017	67,286	$ 673	207	$ (3,821)	$ 659,440	$ 90,607	$ 746,899
Exercise of stock options	55	1	—	—	587	—	588
Shares vested for long-term incentive plan	155	1	—	—	(1)	—	—
Repurchases of common stock related to equity award activity	—	—	53	(1,046)	—	—	(1,046)
Share withholdings made in satisfaction of exercise price	—	—	1	(17)	17	—	—
Stock compensation expense	—	—	—	—	1,775	—	1,775
Net income	—	—	—	—	—	15,359	15,359
Stockholders' equity as of March 31, 2018	67,496	$ 675	261	$ (4,884)	$ 661,818	$ 105,966	$ 763,575
Stockholders' equity as of December 31, 2018	67,708	$ 677	478	$ (8,458)	$ 672,095	$ 210,345	$ 874,659
Exercise of stock options	8	—	—	—	132	—	132
Shares vested for long-term incentive plan	290	3	—	—	(3)	—	—
Repurchases of common stock under share repurchase program	—	—	920	(15,709)	—	—	(15,709)
Repurchases of common stock related to equity award activity	—	—	74	(1,330)	—	—	(1,330)
Stock compensation expense	—	—	—	—	2,915	—	2,915
Net income	—	—	—	—	—	20,350	20,350
Stockholders' equity as of March 31, 2019	68,006	$ 680	1,472	$ (25,497)	$ 675,139	$ 230,695	$ 881,017

The accompanying notes are an integral part of these condensed consolidated financial statements.

BMC STOCK HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Three Months Ended March 31,	
(in thousands)	2019	2018
Cash flows from operating activities		
Net income	$ 20,350	$ 15,359
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense	12,445	12,024
Amortization of intangible assets	4,347	3,657
Amortization of debt issuance costs	421	421
Deferred income taxes	6,771	3,810
Non-cash stock compensation expense	2,915	1,775
(Gain) loss on sale of property, equipment and real estate	(913)	38
Other non-cash adjustments	1,778	619
Change in assets and liabilities, net of effects of acquisitions		
Accounts receivable, net of allowances	(9,463)	(33,462)
Inventories, net	1,499	(24,042)
Accounts payable	69,741	40,212
Other assets and liabilities	(32,132)	2,801
Net cash provided by operating activities	77,759	23,212
Cash flows from investing activities		
Purchases of businesses, net of cash acquired	(52,012)	(20,970)
Purchases of property, equipment and real estate	(15,429)	(10,244)
Proceeds from sale of property, equipment and real estate	2,343	127
Insurance proceeds	—	1,991
Net cash used in investing activities	(65,098)	(29,096)
Cash flows from financing activities		
Proceeds from revolving line of credit	110,987	235,345
Repayments of proceeds from revolving line of credit	(110,987)	(227,616)
Repurchases of common stock under share repurchase program	(15,219)	—
Payments on finance lease obligations	(1,708)	(2,059)
Principal payments on other notes	—	(25)
Other financing activities, net	(4,875)	(2,509)
Net cash (used in) provided by financing activities	(21,802)	3,136
Net decrease in cash and cash equivalents	(9,141)	(2,748)
Cash and cash equivalents		
Beginning of period	150,723	11,750
End of period	$ 141,582	$ 9,002
Supplemental disclosure of non-cash investing and financing transactions		
Acquisition-related holdback payments due at future date	$ 2,500	$ 1,460
Accrued repurchases of common stock under share repurchase program	490	—

The accompanying notes are an integral part of these condensed consolidated financial statements.

1. Organization

These unaudited financial statements represent the financial statements of BMC Stock Holdings, Inc. and its subsidiaries. All references to "BMC" or the "Company" mean BMC Stock Holdings, Inc. and its subsidiaries.

The Company distributes lumber and building materials to new construction and repair and remodeling contractors. Additionally, the Company provides solution-based services to its customers, including component design, product specification and installation services.

2. Basis of Presentation

The unaudited condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the U.S. Securities and Exchange Commission ("SEC") that permit reduced disclosure for interim periods. The condensed consolidated balance sheet as of December 31, 2018 was derived from audited financial statements, but does not include all necessary disclosures required by accounting principles generally accepted in the United States of America ("GAAP"). The unaudited condensed consolidated financial statements include all accounts of the Company and, in the opinion of management, include all recurring adjustments and normal accruals necessary for a fair statement of the Company's financial position, results of operations and cash flows for the dates and periods presented. These unaudited condensed consolidated financial statements should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2018 (" 2018 Annual Report on Form 10-K"). Results for interim periods are not necessarily indicative of the results to be expected during the remainder of the current year or for any future period. All material intercompany accounts and transactions have been eliminated in consolidation.

Comprehensive income

Comprehensive income is equal to the net income for all periods presented.

Cash and cash equivalents

Cash equivalents are highly liquid investments that are readily convertible to known amounts of cash and have a maturity of three months or less from the time of purchase. As of March 31, 2019 and December 31, 2018 , the Company had cash equivalents of $136.0 million and $146.1 million , respectively. Cash equivalents are valued at amortized cost, which approximates fair value due to the short-term maturity of these instruments, and was classified as a Level 1 or Level 2 measurement in accordance with Accounting Standards Codification ("ASC") 820, Fair Value Measurements and Disclosures ("ASC 820").

Share repurchase program

During the three months ended March 31, 2019 , utilizing cash from operations, the Company repurchased 0.9 million shares at a weighted average price of $17.07 per share for a total cost of $15.7 million under the $75.0 million share repurchase program authorized by the Company's board of directors in November 2018. These repurchased shares are available for future issuance and are reflected as treasury stock, at cost, on the condensed consolidated balance sheets. As of March 31, 2019 , the Company had approximately $56.4 million of capacity remaining under the current share repurchase authorization.

Statement of cash flows

Proceeds from revolving line of credit and repayments of proceeds from revolving line of credit as presented on the condensed consolidated statements of cash flows includes all cash activities and transactions between the Company and its associated lenders in relation to the revolving line of credit, excluding interest and fees, and is specifically inclusive of operating cash receipts which are automatically applied to the revolving line of credit pursuant to a cash sweep agreement. See Note 6 for further details on the Company's revolving line of credit.

Recently adopted accounting pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update 2016-02, Leases, and issued subsequent amendments to the initial guidance to provide additional clarification on specific topics ("ASU 2016-02" or "Topic 842"). ASU 2016-02 establishes a right-of-use ("ROU") model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of operations. The Company adopted ASU 2016-02 on January 1, 2019 by recording ROU assets for its operating leases totaling approximately $110 million and corresponding lease liabilities totaling approximately $115 million . The impact of adopting ASU 2016-02 was not material to the Company's results of operations or cash flows for the three months ended March 31, 2019. See Note 5 for further details.

Recently issued accounting pronouncements not yet adopted

In June 2016, the FASB issued Accounting Standards Update 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments ("ASU 2016-13"). ASU 2016-13 amends the impairment model by requiring entities to use a forward-looking approach based on expected losses to estimate credit losses on certain types of financial instruments, including trade receivables. ASU 2016-13 is effective for the Company's annual and interim periods beginning on January 1, 2020, with early adoption permitted beginning January 1, 2019. Modified retrospective application is required, with certain exceptions. The Company expects to adopt the standard on January 1, 2020 and continues to evaluate the impact of the standard on its consolidated financial statements.

In January 2017, the FASB issued Accounting Standards Update 2017-04, Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment ("ASU 2017-04"). ASU 2017-04 simplifies the accounting for goodwill impairment by removing Step 2 of the goodwill impairment test, which requires computation of the implied fair value of a reporting unit's goodwill. The amount of a goodwill impairment will now be the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. ASU 2017-04 is effective for the Company's annual goodwill impairment test and any interim tests during the Company's annual and interim periods beginning on January 1, 2020. Early adoption is permitted for goodwill impairment tests performed on testing dates after January 1, 2017. Prospective application is required. The adoption of the standard is not expected to have a material impact on the Company's consolidated financial statements.

In August 2018, the FASB issued Accounting Standards Update 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement, and issued subsequent amendments to the initial guidance to provide additional clarification on specific topics ("ASU 2018-13"). ASU 2018-13 modifies the disclosure requirements on fair value measurements by removing, modifying and adding certain disclosure requirements in ASC 820. ASU 2018-13 is effective for the Company's annual and interim periods beginning on January 1, 2020, with early adoption permitted. Certain disclosures in ASU 2018-13 are required to be applied prospectively, while others require retrospective application. The Company is evaluating the impact of the standard on its consolidated financial statements.

3. Acquisitions

For all acquisitions, the Company allocates the purchase price to assets acquired and liabilities assumed as of the date of acquisition based on the estimated fair values at the date of acquisition. The excess of the fair value of the purchase consideration over the fair values of the identifiable assets and liabilities is recorded as goodwill. Management makes significant estimates and assumptions when determining the fair value of assets acquired and liabilities assumed. These estimates include, but are not limited to, discount rates, projected future net sales, projected future expected cash flows and useful lives.

The Company accounts for all acquisitions using the acquisition method of accounting under ASC 805, Business Combinations, whereby the results of operations of the acquired company are included in the Company's consolidated financial statements beginning on the acquisition date.

2019 Acquisitions

On January 14, 2019 , the Company acquired substantially all of the assets and assumed certain liabilities of Barefoot and Company ("Barefoot"), a supplier of windows, exterior doors, hardware, specialty products and installation services in the Charlotte, North Carolina metropolitan area. On February 8, 2019 , the Company acquired substantially all of the assets and assumed certain liabilities of Locust Lumber, a supplier of lumber products and building materials primarily to custom homebuilders and professional remodeling contractors in the Charlotte, North Carolina metropolitan area. The Barefoot and Locust Lumber acquisitions (the "2019 Acquisitions") enhance the Company's value-added offerings and footprint in the Charlotte, North Carolina metropolitan area. The preliminary purchase price, in aggregate, for the 2019 Acquisitions was $54.5 million , which includes an initial holdback of $2.5 million due to the sellers of Barefoot one year from the closing date. The holdback amount may be reduced under certain circumstances. The Company funded the 2019 Acquisitions through available cash.

The preliminary purchase price allocation for the 2019 Acquisitions, in aggregate, resulted in the initial recognition of goodwill of $12.8 million , customer relationship intangible assets of $23.3 million , a non-compete agreement intangible asset of $0.2 million , accounts receivable of $12.1 million , inventory of $7.5 million and property and equipment of $2.3 million , as well as other operating assets and liabilities. The customer relationship and non-compete agreement intangible assets have a weighted average useful life of 9 years and 2 years , respectively. Goodwill represents the future economic benefits expected to arise from other intangible assets acquired that do not qualify for separate recognition, including assembled workforce and non-contractual relationships, as well as expected future synergies. All of the goodwill is expected to be deductible for tax purposes.

The purchase price allocation for the 2019 Acquisitions is preliminary and based upon all information available to the Company at the present time, and is subject to change. The Company is in the process of finalizing its valuation of the acquired intangible assets, property and equipment and inventory, and therefore, the initial purchase accounting is not complete. As the Company receives additional information during the measurement period, the fair values assigned to the assets and liabilities may be adjusted.

For the year ended December 31, 2018, Barefoot and Locust Lumber generated net sales, in aggregate, of approximately $105 million . The Company incurred transaction costs of $0.3 million for the three months ended March 31, 2019 related to the 2019 Acquisitions.

Net sales and estimated pre-tax earnings for the 2019 Acquisitions included in the unaudited condensed consolidated statements of operations during the three months ended March 31, 2019 were $18.2 million and $1.9 million , respectively. The impact of the 2019 Acquisitions was not considered significant for the reporting of pro forma financial information.

2018 Acquisition

On March 1, 2018 , the Company acquired substantially all of the assets and assumed certain liabilities of W.E. Shone Co. (“Shone Lumber”), a supplier of building materials in the state of Delaware, for a purchase price of $22.4 million . This acquisition enhances the Company’s value-added offerings and footprint in the Mid-Atlantic region. The purchase price included a holdback which, after certain post-closing adjustments, required the Company to pay $1.4 million to the sellers during the three months ended March 31, 2019. The Company funded the transaction through available cash and borrowings on the Company’s revolving line of credit.

The purchase price allocation resulted in the recognition of goodwill of $2.5 million , a customer relationship intangible asset of $7.0 million , accounts receivable of $6.4 million , inventory of $8.8 million , property and equipment of $2.9 million and total current liabilities of $5.3 million , as well as other operating assets. The customer relationship intangible asset has a useful life of 9 years . Goodwill represents the future economic benefits expected to arise from other intangible assets acquired that do not qualify for separate recognition, including assembled workforce and non-contractual relationships, as well as expected future synergies. All of the goodwill recognized is expected to be deductible for tax purposes.

Net sales and estimated pre-tax earnings for Shone Lumber included in the unaudited condensed consolidated statements of operations from the March 1, 2018 acquisition date to March 31, 2018 were $5.4 million and $0.3 million , respectively. The impact of the acquisition was not considered significant for the reporting of pro forma financial information.

4. Accounts Receivable

Accounts receivable consist of the following at March 31, 2019 and December 31, 2018 :

(in thousands)		March 31, 2019		December 31, 2018
Trade receivables	$	327,559	$	305,363
Allowance for doubtful accounts		(5,476)		(4,904)
Other allowances		(1,995)		(2,019)
	$	320,088	$	298,440

5. Leases

Adoption of Topic 842

On January 1, 2019, the Company adopted Topic 842 by applying the guidance at adoption date. As a result, the comparative information as of December 31, 2018 and for the three months ended March 31, 2018 has not been adjusted and continues to be reported under ASC 840, Leases (“ASC 840”). The Company elected the package of practical expedients permitted under the transition guidance within Topic 842, which allowed the Company to carry forward its identification of contracts that are or contain leases, its historical lease classification and its accounting for initial direct costs for existing leases. The impact of adopting Topic 842 was not material to the Company’s results of operations or cash flows for the three months ended March 31, 2019.

Beginning January 1, 2019, the Company has recognized ROU assets and lease liabilities for the Company's operating leases on its unaudited condensed consolidated balance sheets. ROU assets for the Company's operating leases are presented within operating lease right-of-use assets on the Company's condensed consolidated balance sheets, while the lease liabilities for the Company's operating leases are presented within operating lease liabilities, with a current and long-term portion. Upon adoption of Topic 842, the balances at adoption date of prepaid and accrued rent, lease incentives and unamortized assets and liabilities related to favorable and unfavorable leases were reclassified and are now presented within operating lease right-of-use assets on the Company's condensed consolidated balance sheets. Refer to further discussion of the Company's ROU assets and lease liabilities below. The Company's accounting for its historical capital leases, which are now presented as finance leases under Topic 842, remained substantially unchanged.

Lease Arrangements

The Company has operating and finance leases primarily for its facilities, office space, land, fleet vehicles and equipment. Many of the Company's leases are non-cancellable and typically have an initial lease term of five to ten years and most provide options at the Company's election to renew for specified periods of time. The Company's leases generally provide for fixed annual rentals. Certain of the Company's leases include provisions for escalating rent, as an example, based on changes in the consumer price index. Variable lease payments based on an index or rate are initially measured using the index or rate in effect at lease commencement. Most of the Company's leases require it to pay taxes, insurance and maintenance expenses associated with the properties. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Company determines if an arrangement contains a lease at inception. The Company has lease agreements with lease and non-lease components, which for all such leases are generally accounted for separately. The Company has elected the short-term lease exception under Topic 842 for all leases and as such, leases with an initial term of 12 months or less are not recorded on the unaudited condensed consolidated balance sheets. The Company recognizes lease expense for short-term leases on a straight-line basis over the lease term.

Operating lease ROU assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. As the Company's leases generally do not provide an implicit rate, we use the Company's incremental borrowing rate based on the information available at commencement date in determining the present value of future payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives and any initial direct costs incurred. The Company's lease terms include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term.

Leases

The components of lease cost for the three months ended March 31, 2019 were as follows:

(in thousands)	**Classification**	**Three Months Ended March 31, 2019**
Operating lease cost (a)	Selling, general and administrative expenses	$ 9,567
Finance lease cost		
Amortization of ROU assets	Depreciation expense	$ 1,644
Interest on lease liabilities	Interest expense	180
Total finance lease cost		$ 1,824

(a) Includes short-term leases and variable lease costs, which are not material.

The Company subleases certain facilities to third parties. Income from sublease rentals for the three months ended March 31, 2019 was not material.

The following table reflects the Company's right-of-use assets and lease liabilities as of March 31, 2019 :

(in thousands)	Classification		March 31, 2019
Assets			
Operating lease right-of-use assets	Operating lease right-of-use assets	$	109,448
Finance lease right-of-use assets (a)	Property and equipment, net of accumulated depreciation		15,540
Total leased right-of-use assets		$	124,988
Liabilities			
Current portion			
Operating lease liabilities	Current portion of operating lease liabilities	$	23,820
Finance lease liabilities	Current portion of long-term debt and finance lease obligations		6,497
Noncurrent portion			
Operating lease liabilities	Long-term portion of operating lease liabilities		91,380
Finance lease liabilities	Long-term portion of finance lease obligations		7,301
Total lease liabilities		$	128,998

(a) Finance lease right-of-use assets are presented net of accumulated amortization of $43.3 million as of March 31, 2019 .

The following table presents the weighted average remaining lease term and weighted average discount rate for the Company's leases as of March 31, 2019 :

	March 31, 2019
Weighted average remaining lease term (years)	
Operating leases	6.3
Finance leases	3.3
Weighted average discount rate	
Operating leases	6.8%
Finance leases	4.8%

Future minimum lease payments under non-cancellable leases as of March 31, 2019 were as follows:

(in thousands)		Operating Leases		Finance Leases		Total
2019 (a)	$	23,676	$	5,335	$	29,011
2020		25,747		5,578		31,325
2021		23,097		2,356		25,453
2022		19,405		873		20,278
2023		16,054		660		16,714
Thereafter		34,909		—		34,909
Total lease payments		142,888		14,802		157,690
Less: Interest		(27,688)		(1,004)		(28,692)
Present value of lease liabilities	$	115,200	$	13,798	$	128,998

(a) Excludes the three months ended March 31, 2019.

As of March 31, 2019, the Company had an additional operating lease for a facility that has not yet commenced, as the facility had not yet been made available to the Company. This lease is expected to commence in 2019.

Cash paid for amounts included in the measurement of lease liabilities and right-of-use assets obtained in exchange for lease obligations during the three months ended March 31, 2019 were as follows:

(in thousands)		Three Months Ended March 31, 2019
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$	7,927
Operating cash flows from finance leases		166
Financing cash flows from finance leases		1,708
Right-of-use assets obtained in exchange for lease obligations		
Operating leases		5,467
Finance leases	$	—

Disclosures related to periods prior to adoption of Topic 842

As previously discussed, the Company adopted Topic 842 by applying the guidance at adoption date, January 1, 2019. As required, the following disclosure is provided for periods prior to adoption, which continue to be presented in accordance with ASC 840.

Future minimum lease payments under noncancelable operating leases (with initial or remaining lease terms in excess of one year) and future minimum capital lease payments as of December 31, 2018 are as follows:

(in thousands)		Capital Leases		Operating Leases	
2019	$	7,245	$	30,431	
2020		5,599		24,210	
2021		2,356		21,551	
2022		873		17,908	
2023		660		14,607	
Thereafter		—		34,279	
		16,733	$	142,986	(a)
Less: Amounts representing interest		(1,227)			
Total obligation under capital leases		15,506			
Less: Current portion of capital lease obligation		(6,661)			
Long-term capital lease obligation	$	8,845			

(a) Minimum operating lease payments have not been reduced by minimum sublease rentals of $0.1 million due in the future under noncancelable subleases.

6. Debt

Long-term debt as of March 31, 2019 and December 31, 2018 consists of the following:

(in thousands)		March 31, 2019		December 31, 2018
Senior secured notes, due 2024	$	350,000	$	350,000
Revolving credit agreement		—		—
		350,000		350,000
Unamortized debt issuance costs related to senior secured notes		(4,595)		(4,803)
		345,405		345,197
Less: Current portion of long-term debt		—		—
	$	345,405	$	345,197

Senior Secured Notes

On September 15, 2016 , the Company issued $350.0 million of senior secured notes due 2024 (the "Senior Notes") under an unregistered private placement not subject to the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"). The Senior Notes were issued by BMC East, LLC, a 100% owned subsidiary of the Company, and are guaranteed by the Company and the other subsidiaries that guarantee the Credit Agreement (as defined below). Each of the subsidiary guarantors is 100% owned, directly or indirectly, by the Company, and all guarantees are full and unconditional and joint and several. The interest rate is fixed at 5.5% and is payable semiannually on April 1 and October 1 .

As of March 31, 2019 , the estimated market value of the Senior Notes was approximately $6.1 million lower than the carrying amount. The fair value is based on institutional trading activity and was classified as a Level 2 measurement in accordance with ASC 820.

Revolving Credit Agreement

On December 1, 2015 , the Company entered into a senior secured credit agreement with Wells Fargo Capital Finance, as administrative agent, and certain other lenders (the "Original Credit Agreement"), which includes a revolving line of credit (the "Revolver"). The Original Credit Agreement, as amended (the "Credit Agreement"), has an aggregate commitment of $375.0 million . The Company had no outstanding borrowings under the Revolver and net availability of $317.7 million as of March 31, 2019 . The Company had $56.1 million in letters of credit outstanding under the Credit Agreement as of March 31, 2019 .

7. Revenue

Disaggregation of revenue

The following table shows net sales classified by major product category for the three months ended March 31, 2019 and 2018 :

(in thousands)	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Structural components	$ 141,276	$ 135,829
Lumber & lumber sheet goods	241,959	288,086
Millwork, doors & windows	239,922	229,518
Other building products & services	202,248	180,769
Total net sales	$ 825,405	$ 834,202

The following table reflects the Company's estimate of net sales by each customer type for the three months ended March 31, 2019 and 2018 . Certain previously reported amounts for the three months ended March 31, 2018 were revised in the table below. The revisions were not material to the previously issued financial statements.

(in thousands)	Three Months Ended March 31, 2019	Three Months Ended March 31, 2018
Single-family homebuilders	$ 628,718	$ 638,858
Remodeling contractors	88,208	96,146
Multi-family, commercial & other contractors	108,479	99,198
Total net sales	$ 825,405	$ 834,202

Contract balances

The following table reflects the Company's contract balances as of March 31, 2019 and December 31, 2018 :

(in thousands)	March 31, 2019	December 31, 2018	Change
Receivables, including unbilled receivables presented in prepaid expenses and other current assets	$ 329,788	$ 306,370	$ 23,418
Contract assets	33,778	32,348	1,430
Contract liabilities	$ 32,961	$ 34,888	$ (1,927)

During the three months ended March 31, 2019, the Company's contract assets increased by $1.4 million and the Company's contract liabilities decreased by $1.9 million . The change in contract assets and liabilities was primarily due to the timing of revenue recognition, as the balances were not materially impacted by any other factors. For the three months ended March 31, 2019 , the Company recognized revenue of $27.7 million that was included in contract liabilities as of December 31, 2018 . Revenue recognized related to performance obligations that were satisfied or partially satisfied in previous periods was not material for the three months ended March 31, 2019 .

As permitted by Topic 606, the Company has elected not to disclose the value of unsatisfied performance obligations, as the Company's contracts generally have an original expected length of one year or less.

8. Income Taxes

The Company evaluates its deferred tax assets quarterly to determine if valuation allowances are required. In assessing the realizability of deferred tax assets, the Company considers both positive and negative evidence in determining whether it is more likely than not that some portion or all of the deferred tax assets will not be realized.

The Company had a valuation allowance of $0.1 million against its deferred tax assets related to certain state tax jurisdictions as of March 31, 2019 and December 31, 2018 . To the extent the Company generates future tax net operating losses, the Company may be required to increase the valuation allowance on deferred tax assets, which may unfavorably impact the effective tax rate.

The Company has no material uncertain tax positions as of March 31, 2019 and December 31, 2018 .

For the three months ended March 31, 2019 , the Company's effective tax rate was 22.8% , which varied from the federal statutory rate of 21% primarily due to state income tax expense. For the three months ended March 31, 2018 , the Company's effective tax rate was 23.2% , which varied from the federal statutory rate of 21% primarily due to state income tax expense offset by excess tax windfall benefits from stock compensation.

9. Commitments and Contingencies

From time to time, various claims, legal proceedings and litigation are asserted or commenced against the Company principally arising from alleged product liability, warranty, casualty, construction defect, contract, tort, employment and other disputes. In determining loss contingencies, management considers the likelihood of loss as well as the ability to reasonably estimate the amount of such loss or liability. An estimated loss is recorded when it is considered probable that such a liability has been incurred and when the amount of loss can be reasonably estimated. It is not certain that the Company will prevail in these matters. However, the Company does not currently believe that the ultimate outcome of any pending matters will have a material adverse effect on its consolidated financial position, results of operations or cash flows. As of December 31, 2018, the Company had accrued $3.0 million in relation to pending litigation that was recorded during the year ended December 31, 2017. During the three months ended March 31, 2019, the Company paid $2.8 million to settle the matter.

10. Stock Based Compensation

The following table highlights the expense related to stock based compensation for the three months ended March 31, 2019 and 2018 :

(in thousands)	Three Months Ended March 31, 2019	2018
Restricted stock units (a)	$ 2,915	$ 1,658
Restricted stock	—	91
Stock options	—	26
Stock based compensation	$ 2,915	$ 1,775

(a) Includes service-based and performance-based restricted stock units.

During the three months ended March 31, 2019 , the Company granted 0.4 million service-based restricted stock unit awards. In addition, during the three months ended March 31, 2019 , the Company granted performance-based restricted stock units that allow for a maximum of 0.4 million performance-based restricted stock units to be earned.

During the three months ended March 31, 2018 , the Company granted 0.6 million service-based restricted stock unit awards. In addition, during the three months ended March 31, 2018 , the Company granted performance-based restricted stock units that allow for a maximum of 0.2 million performance-based restricted stock units to be earned.

11. Segments

ASC 280, Segment Reporting, defines operating segments as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker ("CODM") in deciding how to allocate resources and in assessing performance.

The Company's operating segments consist of the Mid-Atlantic, Southeast, Texas, Intermountain and Western divisions. The CODM reviews aggregate information to allocate resources and assess performance. Based on the CODM's review, as well as the similar economic characteristics, nature of products, distribution methods and customers of the divisions, the Company has aggregated its operating segments into one reportable segment, "Geographic divisions."

In addition to the Company's reportable segment, the Company's consolidated results include "Other reconciling items." Other reconciling items comprises the Company's corporate activities and other income and expenses not allocated to the operating segments.

The following tables present Net Sales, Adjusted EBITDA and certain other measures for the reportable segment and total Company operations for the three months ended March 31, 2019 and 2018 . Adjusted EBITDA is used as a performance metric by the CODM in determining how to allocate resources and assess performance.

	Three Months Ended March 31, 2019			
(in thousands)	Net Sales	Gross Profit	Depreciation & Amortization	Adjusted EBITDA
Geographic divisions	$ 825,405	$ 216,122	$ 16,147	$ 73,768
Other reconciling items	—	—	645	(19,368)
	$ 825,405	$ 216,122	$ 16,792	

	Three Months Ended March 31, 2018			
(in thousands)	Net Sales	Gross Profit	Depreciation & Amortization	Adjusted EBITDA
Geographic divisions	$ 834,202	$ 199,084	$ 15,211	$ 63,674
Other reconciling items	—	—	470	(16,494)
	$ 834,202	$ 199,084	$ 15,681	

Reconciliation to consolidated financial statements:

	Three Months Ended March 31,	
(in thousands)	2019	2018
Income before income taxes	$ 26,350	$ 19,998
Interest expense	6,038	5,982
Interest income	(941)	—
Depreciation and amortization	16,792	15,681
Merger and integration costs	2,790	1,687
Non-cash stock compensation expense	2,915	1,775
Acquisition costs	580	234
Other items (a)	(124)	1,823
Adjusted EBITDA of other reconciling items	19,368	16,494
Adjusted EBITDA of geographic divisions reportable segment	$ 73,768	$ 63,674

(a) For the three months ended March 31, 2019, represents the effect of the settlement of pending litigation for an amount below what was previously accrued. See Note 9 for further details. For the three months ended March 31, 2018, represents costs incurred in connection with the departure of the Company's former chief executive officer and the search for his permanent replacement.

12. Earnings Per Share

Basic net income per share ("EPS") is calculated by dividing net income attributable to common stockholders by the weighted average shares outstanding during the period. Diluted EPS is calculated by adjusting weighted average shares outstanding for the dilutive effect of potential common shares, determined using the treasury-stock method. For purposes of the diluted EPS calculation, stock options, restricted stock and restricted stock unit awards are considered to be potential common shares. Performance-based restricted stock units are not included in the calculation of diluted EPS until they are contingently issuable.

The basic and diluted EPS calculations for the three months ended March 31, 2019 and 2018 are presented below:

	Three Months Ended March 31,	
(in thousands, except per share amounts)	2019	2018
Income attributable to common stockholders	$ 20,350	$ 15,359
Weighted average common shares outstanding, basic	66,782	67,138
Effect of dilutive securities:		
Restricted stock units	415	299
Stock options	85	172
Restricted stock	—	55
Weighted average common shares outstanding, diluted	67,282	67,664
Basic income per common share	$ 0.30	$ 0.23
Diluted income per common share	$ 0.30	$ 0.23

The following table provides the securities that could potentially dilute EPS in the future, but were not included in the computation of diluted EPS for the periods presented because to do so would have been anti-dilutive. The amounts included in this table exclude performance-based restricted stock units. As of March 31, 2019 , the number of currently outstanding performance-based restricted stock units that are issued upon vesting could range from zero to a maximum of 0.9 million .

	Three Months Ended March 31,	
(in thousands)	2019	2018
Stock options	212	—
Restricted stock units	383	21

ITEM 2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with our historical consolidated financial statements and the notes thereto included elsewhere in this Quarterly Report on Form 10-Q and with our audited financial statements included in our 2018 Annual Report on Form 10-K. All references to "BMC," "we," "us," "our" or the "Company" mean BMC Stock Holdings, Inc. and its subsidiaries.

Cautionary Statement with Respect to Forward-Looking Statements

Some of the statements contained in this Quarterly Report on Form 10-Q constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts or present facts or conditions. In many cases, you can identify forward-looking statements by terms such as "may," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential" or the negative of these terms or other comparable terminology.

The forward-looking statements reflect our views about future events and are subject to risks, uncertainties, assumptions and changes in circumstances that may cause events or our actual activities or results to differ significantly from those expressed in any forward-looking statement. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future events, results, actions, levels of activity, performance or achievements. 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;
- fluctuation of commodity prices and prices of our products as a result of national and international economic and other conditions;
- 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;
- our exposure to product liability, warranty, casualty, construction defect, contract, tort, employment and other claims and legal proceedings;
- our ability to maintain profitability and positive cash flows;
- 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;
- 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; and
- the impact of the various financial covenants in our secured credit agreement and senior secured notes indenture.

Certain of these and other factors are discussed in more detail in “Item 1A. Risk Factors” of our 2018 Annual Report on Form 10-K. The forward-looking statements included herein are made only as of the date of this Quarterly Report on Form 10-Q and we undertake no obligation to publicly update or review any forward-looking statement made by us or on our behalf, whether as a result of new information, future developments, subsequent events or circumstances or otherwise, unless otherwise required by law.

Overview

We are one of the leading providers of diversified building products and services in the U.S. residential construction market. Our objective is to provide best-in-class customer service and value-added products to our customers, which are primarily single- and multi-family home builders and professional remodelers. Our product offerings include lumber and lumber sheet goods and an array of value-added products including millwork, doors, windows and structural components such as engineered wood products, floor and roof trusses and wall panels. Our whole-house framing solution, *Ready-Frame* ®, which is one of our fastest growing product offerings, saves builders both time and money and improves job site safety. We also offer our customers important services such as design, product specification, installation and installation management.

The 19 states in which we operate accounted for approximately 67% of 2018 U.S. single-family housing permits according to the U.S. Census Bureau. In these 19 states, we operate in 45 metropolitan areas.

Our net sales for the three months ended March 31, 2019 decreased 1.1% compared to the prior year period. Our gross profit as a percentage of sales (“gross margin”) was 26.2% for the three months ended March 31, 2019 compared to 23.9% for the prior year period. We recorded income from operations of $29.5 million during the three months ended March 31, 2019 compared to $24.0 million during the three months ended March 31, 2018 . See further discussion in “-Operating Results” below.

Factors Affecting Our Operating Results

Our operating results and financial performance are influenced by a variety of factors, including, among others, acquisitions, conditions in the housing market and economic conditions generally, changes in the cost of the products we sell (particularly commodity products), pricing policies of our competitors, production schedules of our customers and seasonality. Some of the more important factors are discussed in our 2018 Annual Report on Form 10-K, as supplemented by the additional discussion below.

Acquisitions

On January 14, 2019, the Company completed the acquisition of Barefoot, a supplier of windows, exterior doors, hardware, specialty products and installation services in the Charlotte, North Carolina metropolitan area. On February 8, 2019, the Company completed the acquisition of Locust Lumber, a supplier of lumber products and building materials primarily to custom homebuilders and professional remodeling contractors in the Charlotte, North Carolina metropolitan area. The preliminary purchase price, in aggregate, for these acquisitions was $54.5 million .

On March 1, 2018, the Company completed the acquisition of Shone Lumber, a supplier of building materials in the state of Delaware, for a purchase price of $22.4 million .

The Barefoot, Locust Lumber and Shone Lumber acquisitions increased sales approximately $26.6 million for the three months ended March 31, 2019 , compared to the prior year period.

See Note 3 to the unaudited condensed consolidated financial statements included in Item 1 of this Quarterly Report on Form 10-Q for further discussion of the acquisitions of Barefoot, Locust Lumber and Shone Lumber.

Conditions in the housing and construction market

The building products supply and services industry is highly dependent on new single-family home and multi-family construction and repair and remodeling activity, which in turn are dependent upon a number of factors, including, among other things, overall economic conditions. Unfavorable economic changes, both nationally and locally in our markets, could adversely affect consumer spending, result in decreased demand for homes and adversely affect our business. According to the U.S. Census Bureau, single-family housing starts in the South and West regions of the United States, which are our primary operating regions, declined approximately 3.8% for the three months ended March 31, 2019 as compared to the same period in the prior year.

Commodity nature of our products

Many of the building products we distribute, including lumber, oriented strand board ("OSB"), plywood and particleboard, are commodities that are widely available from other manufacturers or distributors with prices and volumes determined frequently based on participants' perceptions of short-term supply and demand factors.

The following table reflects changes in the average composite framing lumber prices (per thousand board feet) and average composite structural panel prices (per thousand square feet). These prices represent transactions between manufacturers and their customers as reported by Random Lengths and may differ in magnitude or timing from the actual selling prices or cost of goods reported in our operating results. The average composite structural panel prices are based on index prices for OSB and plywood.

	Three Months Ended March 31,	
	2019 versus 2018	**2019 average price**
Framing lumber prices	(26.2)%	$ 357
Structural panel prices	(25.8)%	$ 373

Periods of increasing prices provide the opportunity for higher sales and increased gross profit, while periods of declining prices may result in declines in sales and profitability. In particular, low market prices for wood products over a sustained period can adversely affect our financial condition, operating results and cash flows, as can excessive spikes in market prices. The impact of commodity price changes on our operating results is partially dependent on pricing commitments with our customers. For further discussion of the impact of commodity prices on historical periods, see "-Operating Results" below.

Mix of products sold

We typically realize greater gross margins on more highly engineered and customized products, or ancillary products that are often purchased based on convenience and are therefore less price sensitive to our customers. For example, sales of lumber and lumber sheet goods tend to generate lower gross margins due to their commodity nature and the relatively low switching costs of sourcing those products from different suppliers. Structural components and millwork, doors and windows often generate higher gross margins relative to other products. For further discussion of the impact of mix of products sold on historical periods, see "-Operating Results" below.

Changes in customer sales mix

Our operating results may vary according to the amount and type of products we sell to each of our primary customer types: single-family homebuilders, remodeling contractors and multi-family, commercial and other contractors. We tend to realize higher gross margins on sales to remodeling contractors due to the smaller product volumes purchased by those customers, as well as the more customized nature of the projects those customers generally undertake. Gross margins on sales to our other primary customer types can vary based on a variety of factors.

Seasonality

Our first and fourth quarters have historically been, and are generally expected to continue to be, adversely affected by weather patterns in some of our markets, causing reduced construction activity. As a result, sales are usually lower in the first and fourth quarters than in the second and third quarters.

Operating Results

The following table sets forth our operating results in dollars and as a percentage of net sales for the periods indicated:

	Three Months Ended March 31,			
(in thousands)	2019		2018	
Net sales	$ 825,405	100.0 %	$ 834,202	100.0 %
Cost of sales	609,283	73.8 %	635,118	76.1 %
Gross profit	216,122	26.2 %	199,084	23.9 %
Operating expenses:				
Selling, general and administrative expenses	169,934	20.6 %	160,204	19.2 %
Depreciation expense	9,573	1.2 %	9,506	1.1 %
Amortization expense	4,347	0.5 %	3,657	0.4 %
Merger and integration costs	2,790	0.3 %	1,687	0.2 %
Income from operations	29,478	3.6 %	24,030	2.9 %
Other income (expense)				
Interest expense	(6,038)	(0.7)%	(5,982)	(0.7)%
Other income, net	2,910	0.4 %	1,950	0.2 %
Income before income taxes	26,350	3.2 %	19,998	2.4 %
Income tax expense	6,000	0.7 %	4,639	0.6 %
Net income	$ 20,350	2.5 %	$ 15,359	1.8 %

Three months ended March 31, 2019 compared to three months ended March 31, 2018

Net sales

For the three months ended March 31, 2019 , net sales decreased $8.8 million , or 1.1% , to $825.4 million from $834.2 million during the three months ended March 31, 2018 . We estimate that net sales decreased 4.7% from lumber and lumber sheet goods commodity price deflation, 1.6% from one less selling day versus the prior year period and 1.2% from the disposition of the Company's Coleman Floor business ("Coleman Floor"), partially offset by an increase of 3.2% from the acquisitions of Barefoot, Locust Lumber and Shone Lumber and 3.2% from other organic growth.

We estimate approximately 76% of our net sales for the three months ended March 31, 2019 were to customers engaged in new single-family construction. According to the U.S. Census Bureau, single-family housing starts in the South and West regions of the United States, which are our primary operating regions, declined approximately 3.8% for the three months ended March 31, 2019 as compared to the same period in the prior year, while single-family houses completed increased approximately 5.6% during the same period. We estimate that net sales to single-family homebuilders and remodeling contractors declined 2.5% and net sales to multi-family, commercial and other contractors increased 9.4% .

The following table shows net sales classified by major product category:

	Three Months Ended March 31, 2019		Three Months Ended March 31, 2018		
(in thousands)	Net Sales	% of Sales	Net Sales	% of Sales	% Change
Structural components	$ 141,276	17.1%	$ 135,829	16.3%	4.0 %
Lumber & lumber sheet goods	241,959	29.3%	288,086	34.5%	(16.0)%
Millwork, doors & windows	239,922	29.1%	229,518	27.5%	4.5 %
Other building products & services	202,248	24.5%	180,769	21.7%	11.9 %
Total net sales	$ 825,405	100.0%	$ 834,202	100.0%	(1.1)%

The decrease in net sales in our lumber and lumber sheet goods product category was primarily related to price deflation that began in the second half of 2018. The increase in our other building products and services product category was primarily related to the Barefoot and Locust Lumber acquisitions and an increase in net sales in our multi-family customer segment.

Cost of sales

For the three months ended March 31, 2019 , cost of sales decreased $25.8 million , or 4.1% , to $609.3 million from $635.1 million during the three months ended March 31, 2018 . We estimate our cost of sales decreased approximately 6.3% as a result of commodity cost deflation, 1.5% from one less selling day versus the prior year period and 1.2% from the disposition of Coleman Floor, partially offset by an increase of 3.1% from the acquisitions of Barefoot, Locust Lumber and Shone Lumber and 1.8% from other organic growth.

Gross profit

For the three months ended March 31, 2019 , gross profit increased $17.0 million , or 8.6% , to $216.1 million from $199.1 million for the three months ended March 31, 2018 , driven primarily by the acquisitions of Barefoot, Locust Lumber and Shone Lumber and other organic growth, partially offset by commodity price decreases. Our gross margin was 26.2% for the three months ended March 31, 2019 and 23.9% for the three months ended March 31, 2018 . This increase was primarily due to an increase in the gross margin in our lumber and lumber sheet goods and structural components product categories of 310 basis points and 570 basis points, respectively. Gross margins in our lumber and lumber sheet goods and structural components product categories were higher due to a significant decrease in commodity costs during the three months ended March 31, 2019 as compared to the prior year period, which decreased at a faster rate than our average selling prices.

Operating expenses

For the three months ended March 31, 2019 :

- selling, general and administrative expenses were $169.9 million , up $9.7 million , or 6.1% , from $160.2 million for the three months ended March 31, 2018 . Approximately $5.4 million of this increase related to selling, general and administrative expenses of Barefoot, Locust Lumber and Shone Lumber and $4.7 million of this increase related to variable compensation such as salesperson commissions, stock-based compensation and profit-based incentives and related payroll taxes and benefits. These increases were partially offset by a net decrease of $0.4 million in other selling, general and administrative expenses.

- depreciation expense was $9.6 million compared to $9.5 million for the three months ended March 31, 2018 .

- amortization expense was $4.3 million compared to $3.7 million for the three months ended March 31, 2018 . This increase resulted from the amortization of intangible assets acquired in the Barefoot, Locust Lumber and Shone Lumber acquisitions.

- the Company incurred $2.8 million of Merger and integration costs related to the ongoing integration of Building Materials Holding Corporation (“BMHC”) and Stock Building Supply Holdings, Inc. (“SBS”), consisting primarily of system integration costs and non-cash charges related to the write-down of certain long-lived assets, compared to $1.7 million for the three months ended March 31, 2018 .

Interest expense

For the three months ended March 31, 2019 and 2018 , interest expense was $6.0 million . Non-cash amortization of debt issuance costs, which is included in interest expense, was $0.4 million for the three months ended March 31, 2019 and 2018 .

Other income, net

For the three months ended March 31, 2019 , other income, net, which was derived primarily from state and local tax incentive programs, interest income and service charges assessed on past due accounts receivable, was $2.9 million , compared to $2.0 million for the three months ended March 31, 2018 . This increase was primarily due to an increase in interest income.

Income tax

For the three months ended March 31, 2019 , income tax expense was $6.0 million compared to $4.6 million for the three months ended March 31, 2018 . The effective tax rate for the three months ended March 31, 2019 was 22.8% , which varied from the federal statutory rate of 21% primarily due to state income tax expense. The effective tax rate for the three months ended March 31, 2018 was 23.2% , which varied from the federal statutory rate of 21% primarily due to state income tax expense offset by excess tax windfall benefits from stock compensation.

Liquidity and Capital Resources

Our primary capital requirements are to fund working capital needs and operating expenses, meet required interest and principal payments and fund capital expenditures. During 2019 and 2018, our capital resources have primarily consisted of cash and cash equivalents generated through operating cash flows and borrowings under our Revolver.

Our liquidity at March 31, 2019 was $459.3 million , which included $141.6 million in cash and cash equivalents and $317.7 million of unused borrowing capacity under our Revolver.

We believe that our cash flows from operations, combined with our current cash levels and available borrowing capacity, will be adequate to fund debt service requirements and provide cash, as required, to support our ongoing operations, capital expenditures, lease obligations, working capital and any share repurchase activity for at least the next 12 months.

In November 2018, the Company's board of directors authorized a $75.0 million share repurchase program. Repurchases may be made at management's discretion from time to time on the open market, subject to applicable laws, or through privately negotiated transactions. The repurchase program will expire on November 20, 2019 or may be suspended or discontinued at any time. During the three months ended March 31, 2019 , utilizing cash from operations, the Company repurchased 0.9 million shares at a weighted average price of $17.07 per share for a total cost of $15.7 million .

Historical Cash Flow Information

Net current assets

Net current assets (current assets less current liabilities) were $502.8 million and $550.9 million as of March 31, 2019 and December 31, 2018 , respectively, as summarized in the following table:

(in thousands)	March 31, 2019	December 31, 2018
Cash and cash equivalents	$ 141,582	$ 150,723
Accounts receivable, net of allowances	320,088	298,440
Inventories, net	315,323	309,279
Other current assets	92,455	88,597
Accounts payable, accrued expenses and other current liabilities	(336,287)	(289,518)
Current portion of long-term debt and finance lease obligations	(6,497)	(6,661)
Current portion of operating lease liabilities (a)	(23,820)	—
Total net current assets	$ 502,844	$ 550,860

(a) Effective January 1, 2019, as part of the Company's adoption of Topic 842, the Company has recognized ROU assets and lease liabilities for the Company's operating leases on its unaudited condensed consolidated balance sheets. See Note 5 to the condensed consolidated financial statements included in Item 1 of this Quarterly Report on Form 10-Q for a discussion of the Company's adoption of Topic 842.

Accounts receivable, net, increased $21.6 million from December 31, 2018 to March 31, 2019 primarily due to seasonal increases in sales, the acquisitions of Barefoot and Locust Lumber and an increase in days sales outstanding (measured against net sales in the current fiscal quarter of each period), which were 31 days at December 31, 2018 and 35 days at March 31, 2019 .

Inventories, net, increased $6.0 million from December 31, 2018 to March 31, 2019 . The Company acquired $7.5 million of inventory in the Barefoot and Locust Lumber acquisitions. Inventory days on hand (measured against cost of sales in the current fiscal quarter of each period) increased from 44 days at December 31, 2018 to 47 days at March 31, 2019 .

Accounts payable, accrued expenses and other current liabilities increased $46.8 million from December 31, 2018 to March 31, 2019 primarily due to the timing of vendor payments and an increase in accounts payable related to increased inventory purchases in connection with higher sales volume.

Cash flows from operating activities

Net cash provided by operating activities was $77.8 million and $23.2 million for the three months ended March 31, 2019 and 2018 , respectively, as summarized in the following table:

	Three Months Ended March 31,	
(in thousands)	2019	2018
Net income	$ 20,350	$ 15,359
Non-cash expenses	20,993	18,534
Change in deferred income taxes	6,771	3,810
Change in working capital and other assets and liabilities	29,645	(14,491)
Net cash provided by operating activities	$ 77,759	$ 23,212

Net cash provided by operating activities increased by $54.5 million for the three months ended March 31, 2019 as compared to the three months ended March 31, 2018 . This increase was primarily related to improved profitability and changes in working capital and others assets and liabilities. Changes in working capital and other assets and liabilities, which relate primarily to the timing of cash received from customers and cash paid to vendors, increased primarily due to the timing of vendor payments.

Cash flows from investing activities

Net cash used in investing activities was $65.1 million and $29.1 million for the three months ended March 31, 2019 and 2018 , respectively, as summarized in the following table:

	Three Months Ended March 31,	
(in thousands)	2019	2018
Purchases of businesses, net of cash acquired	$ (52,012)	$ (20,970)
Purchases of property, equipment and real estate	(15,429)	(10,244)
Proceeds from sale of property, equipment and real estate	2,343	127
Insurance proceeds	—	1,991
Net cash used in investing activities	$ (65,098)	$ (29,096)

Purchases of businesses, net of cash acquired, for the three months ended March 31, 2019 related to the cash paid at closing for the acquisitions of Barefoot and Locust Lumber and for the three months ended March 31, 2018 , related to the cash paid at closing for the acquisition of Shone Lumber.

Cash used for the purchase of property, equipment and real estate for the three months ended March 31, 2019 and 2018 resulted primarily from the purchase of vehicles and equipment to support increased sales volume and replace aged assets, and facility and technology investments to support our operations.

Proceeds from the sale of property, equipment and real estate during the three months ended March 31, 2019 related primarily to the sale of real estate of $2.1 million .

During the three months ended March 31, 2018 , the Company received insurance proceeds related to a fire at one of the Company's facilities during 2015, of which $2.0 million related to property, plant and equipment damaged in the fire.

Cash flows from financing activities

Net cash (used in) provided by financing activities was $(21.8) million and $3.1 million for the three months ended March 31, 2019 and 2018 , respectively, as summarized in the following table:

	Three Months Ended March 31,	
(in thousands)	2019	2018
Repurchases of common stock under share repurchase program	$ (15,219)	$ —
Payments on finance lease obligations and other notes	(1,708)	(2,084)
Net proceeds from Revolver	—	7,729
Other financing activities, net	(4,875)	(2,509)
Net cash (used in) provided by financing activities	$ (21,802)	$ 3,136

The Company repurchased 0.9 million shares under the $75.0 million share repurchase program authorized by the Company's board of directors at a weighted average price of $17.07 per share during the three months ended March 31, 2019 .

Payments on finance lease obligations and other notes declined by $0.4 million for the three months ended March 31, 2019 compared to the three months ended March 31, 2018 due primarily to expiring leases.

The Company had net borrowings of $7.7 million on the Revolver during the three months ended March 31, 2018 . A portion of the net borrowings was used to fund the acquisition of Shone Lumber during March 2018.

Other financing activities, net includes proceeds from the exercise of stock options, net activity related to secured borrowings and repurchases of common stock in connection with the vesting of restricted stock and restricted stock unit awards. For the three months ended March 31, 2019 , other financing activities, net also included the release of the holdback for the Shone Lumber acquisition and the payment of the earnout provision for the Code Plus Components, LLC ("Code Plus") acquisition. For the three months ended March 31, 2018 , other financing activities, net also included the release of the holdback for the Code Plus acquisition.

Capital expenditures

Capital expenditures vary depending on prevailing business factors, including current and anticipated market conditions. We expect our 2019 capital expenditures, net of proceeds from the sale of property, equipment and real estate, to be approximately $80.0 million to $90.0 million primarily related to vehicles and equipment, including lease buyouts, to replace aged assets and support increased sales volume, and facility and technology investments to support our operations. For the three months ended March 31, 2019 , capital expenditures, net of proceeds from the sale of property, equipment and real estate, were $13.1 million .

Senior secured notes

On September 15, 2016, the Company issued $350.0 million of Senior Notes. The Senior Notes mature on October 1, 2024 and are secured by a first priority lien on certain assets of the Company and a second priority lien on the collateral that secures the Credit Agreement, which collectively approximates substantially all assets of the Company. The interest rate is fixed at 5.5% and is payable semiannually on April 1 and October 1. The indenture governing the Senior Notes (the "Indenture") contains customary nonfinancial covenants, including restrictions on new indebtedness, issuance of liens and guarantees, investments, distributions to equityholders, asset sales and affiliate transactions. The Senior Notes were issued by BMC East, LLC, a 100% owned subsidiary of the Company, and are guaranteed by the Company and the other subsidiaries that guarantee the Credit Agreement. Each of the subsidiary guarantors is 100% owned, directly or indirectly, by the Company, and all guarantees are full and unconditional and joint and several. We were in compliance with all covenants under the Indenture as of March 31, 2019 .

Revolving credit agreement

On December 1, 2015, in connection with the Merger, the Company entered into the Original Credit Agreement with Wells Fargo Capital Finance, as administrative agent, and certain other lenders. The Credit Agreement, which includes the Revolver, has an aggregate commitment of $375.0 million and a letters of credit sublimit of $100.0 million. The Revolver matures at the earlier of (i) December 1, 2020 and (ii) the date that is three months prior to the maturity of the Senior Notes (or if the Senior Notes are refinanced or repaid, the date that is three months prior to the new maturity date of the replacement notes or other indebtedness that replaced or refinanced the Senior Notes). The Revolver is subject to an asset-based borrowing formula on eligible accounts receivable, credit card receivables and inventory, in each case reduced by certain reserves.

Borrowings under the Revolver bear interest, at our option, at either the Base Rate (which means the higher of (i) the Federal Funds Rate plus 0.5%, (ii) the LIBOR rate plus 1.0% or (iii) the prime rate) plus a Base Rate Margin (which ranges from 0.25% to 0.75% based on Revolver availability) or LIBOR plus a LIBOR Rate Margin (which ranges from 1.25% to 1.75% based on Revolver availability). The fee on any outstanding letters of credit issued under the Revolver ranges from 0.75% to 1.25%, depending on whether the letters of credit are fully cash collateralized. The fee on the unused portion of the Revolver is 0.25%.

The Credit Agreement contains customary nonfinancial covenants, including restrictions on new indebtedness, issuance of liens, investments, distributions to equityholders, asset sales and affiliate transactions. The Credit Agreement includes a financial covenant that requires us to maintain a minimum Fixed Charge Coverage Ratio of 1.00:1:00, as defined therein. However, the covenant is only applicable if excess availability under the Credit Agreement is less than or equal to the greater of (i) $33.3 million and (ii) 10% of the line cap, and remains in effect until excess availability has been greater than the greater of (i) $33.3 million and (ii) 10% of the line cap for 30 consecutive days. While there can be no assurances, based upon our forecast, we do not expect the financial covenant to become applicable during the year ended December 31, 2019. We were in compliance with all covenants under the Credit Agreement as of March 31, 2019 .

We had no outstanding borrowings with net availability of $317.7 million as of March 31, 2019 . We had $56.1 million in letters of credit outstanding under the Credit Agreement as of March 31, 2019 .

Contractual Obligations and Commercial Commitments

The Company was obligated under certain purchase commitments totaling approximately $31.4 million at March 31, 2019 that are non-cancellable, enforceable and legally binding on us. These purchase commitments consist primarily of obligations for vehicle purchases and facility improvements.

Off-Balance Sheet Arrangements

At March 31, 2019 and December 31, 2018 , other than letters of credit issued under the Credit Agreement, we had no material off-balance sheet arrangements with unconsolidated entities.

Recently Issued Accounting Pronouncements

See Note 2 to the unaudited condensed consolidated financial statements included in Item 1 of this Quarterly Report on Form 10-Q for a summary of recently issued accounting pronouncements.

Critical Accounting Policies

Except for our accounting policies impacted by our adoption of Topic 842, there have been no material changes to the critical accounting policies as disclosed in the Company’s 2018 Annual Report on Form 10-K. See Note 5 to the unaudited condensed consolidated financial statements included in Item 1 of this Quarterly Report on Form 10-Q for a discussion of the changes to the critical accounting policies resulting from our adoption of Topic 842.

ITEM 3 QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes to the market risks as disclosed in the Company’s 2018 Annual Report on Form 10-K.

ITEM 4 CONTROLS AND PROCEDURES

Disclosure controls and procedures

Our management is responsible for establishing and maintaining disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). These disclosure controls and procedures are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer’s management, including its principal executive officer and principal financial officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

We have evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Quarterly Report on Form 10-Q, with the participation of our Chief Executive Officer and Chief Financial Officer, as well as other key members of our management. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of March 31, 2019 .

The design of any system of control is based upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated objectives under all future events, no matter how remote, or that the degree of compliance with the policies or procedures may not deteriorate. Because of their inherent limitations, disclosure controls and procedures may not prevent or detect all misstatements. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives.

Changes in internal control over financial reporting

There was no change in our internal control over financial reporting during the three months ended March 31, 2019 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1 LEGAL PROCEEDINGS

We are currently involved in various claims, legal proceedings and lawsuits incidental to the conduct of our business in the ordinary course. We are a defendant in various pending lawsuits, legal proceedings and claims arising from assertions of alleged product liability, warranty, casualty, construction defect, contract, tort, employment and other claims. We carry insurance in such amounts in excess of our self-insurance or deductibles as we believe to be reasonable under the circumstances although insurance may or may not cover any or all of our liabilities in respect of claims and lawsuits. We do not currently believe that the ultimate resolution of these matters will have a material adverse effect on our consolidated financial position, cash flows or operating results.

ITEM 1A RISK FACTORS

There have been no material changes to our risk factors from the risk factors disclosed in our 2018 Annual Report on Form 10-K. The risks described in our 2018 Annual Report on Form 10-K, in addition to the other information set forth in this Quarterly Report on Form 10-Q, are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

ITEM 2 UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuer Purchases of Equity Securities

During November 2018, the Company's board of directors authorized a new $75.0 million share repurchase program. Repurchases may be made at management's discretion from time to time on the open market, subject to applicable laws, or through privately negotiated transactions. The repurchase program will expire on November 20, 2019 or may be suspended or discontinued at any time.

The following table presents our purchases of common stock during the three months ended March 31, 2019 :

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Program
January 2019	398,978	$ 16.48	398,978	$ 65,532,942
February 2019	284,189	17.30	284,189	60,617,455
March 2019	237,219	17.78	237,219	$ 56,399,530
Total	920,386	$ 17.07	920,386	

ITEM 3 DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4 MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5 OTHER INFORMATION

None.

ITEM 6 EXHIBITS

EXHIBIT INDEX

Exhibit No.	Description
10.1 #	Separation Agreement and General Release, dated as of March 11, 2019, by and between Michael McGaugh and BMC Stock Holdings, Inc.
31.1	Certification by David E. Flitman, President and Chief Executive Officer, pursuant to Exchange Act Rule 13a-14, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification by James F. Major, Jr., Executive Vice President, Chief Financial Officer and Treasurer, pursuant to Exchange Act Rule 13a-14, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

# Denotes management compensatory plan or arrangement.

SIGNATURE

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 thereunto duly authorized.

	BMC STOCK HOLDINGS, INC.
Date: May 1, 2019	By: /s/ James F. Major, Jr.
	Executive Vice President, Chief Financial Officer and Treasurer
	(Principal financial and accounting officer and duly authorized officer)

SEPARATION AGREEMENT AND GENERAL RELEASE

This Separation Agreement and General Release (this " Agreement ") is made as of March 11, 2019, by and between MICHAEL McGAUGH (the " Executive ") and BMC STOCK HOLDINGS, INC. (the " Company "). (In this Agreement, the Executive or the Company may be referred to individually as a " Party " and together as the " Parties ".)

WHEREAS , Executive has been employed by the Company in the position of Executive Vice President and Chief Operating Officer since on or before February 1, 2017, originally pursuant to the terms of that certain Employment Agreement dated as of January 7, 2017 and subsequently pursuant to the terms of that certain Amended and Restated Employment Agreement dated as of August 1, 2017, as amended by that certain letter agreement dated as of August 27, 2018 (the Amended and Restated Employment Agreement dated as of August 1, 2017, as amended by that certain letter agreement dated as of August 27, 2018, is referred to herein as the " Amended and Restated Employment Agreement " and Section 3, Paragraph 3.4; Section 4; Section 5 and Section 6 of the Amended and Restated Employment Agreement are incorporated into this Agreement by this reference); and

WHEREAS: (1) Executive's duties with the Company have extended throughout every state in the United States where the Company or any of its subsidiaries conducts or has conducted business or operates or has operated facilities during Executive's employment; (2) because of Executive's position during his employment, he has been given specialized Company training and has been given access to Proprietary Information (as defined in Section 4, Paragraph 4.1 of the Amended and Restated Employment Agreement); (3) Executive has therefore had access to, and experience with, employees, vendors and customers of the Company or its subsidiaries whose relationships with them have been developed at considerable time, effort and expense, using much of that Proprietary Information, all of which is highly valuable to the Company; (4) Executive has used the Proprietary Information and personally managed the Company's and its subsidiaries' efforts to develop relationships with employees, customers and vendors; and (5) Executive has participated in extremely sensitive discussions at the Company relating to its and its subsidiaries' operations, employees, strategy, customers, vendors and competitors, which also includes and consists of the Proprietary Information, and he has been a key employee of the Company having special contacts to the Company's industry; and

WHEREAS , the Company is eliminating Executive's position and, as a result, is terminating Executive's employment Without Cause (as defined in and in accordance with Section 3, Paragraph 3.1(c) of the Amended and Restated Employment Agreement) on the date described in Paragraph 1 below; and

WHEREAS , the Company desires to conclude the employment relationship on an amicable basis and resolve amicably, fully and finally all matters between the Company and the Executive, and in connection therewith also as additional consideration for certain covenants set forth in Section 5 of the Amended and Restated Employment Agreement and consistent with the provisions of Section 6, Paragraph 6.10 of the Amended and Restated Employment Agreement, the Company will provide the Executive the separation benefits to which he is entitled pursuant to Section 3, Paragraph 3.4 of the Amended and Restated Employment Agreement.

NOW, THEREFORE , in consideration of the foregoing premises, the mutual promises and covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are expressly hereby acknowledged, the Parties agree as follows:

1. **Termination of Employment**. The Parties agree that Executive's employment with the Company and all of its subsidiaries or affiliates is terminated effective as of March 11, 2019 (the " Termination Date "), and as of the Termination Date, the Executive shall cease to hold all titles, positions, appointments and responsibilities that he holds with the Company or any of its subsidiaries or affiliates, whether as an officer, director, employee or otherwise.

2. **Payments Due to Executive**. Executive acknowledges receipt of $23,850.96 from the Company, representing Executive's accrued but unpaid Base Salary (as defined in Section 2, Paragraph 2.1(a) of the Amended and Restated Employment Agreement) and accrued but unpaid vacation pay through the Termination Date. Other than as expressly set forth in this Paragraph, Executive is not entitled to any consulting fees, wages, benefits or any other amounts with respect to his employment through the Termination Date; provided that the Executive shall be entitled to receive any vested amounts or benefits due under any tax-qualified retirement or group insurance plan or program in accordance with the terms thereof.

3. **Severance Benefits and Continuing Health Insurance Coverage**. In consideration of Executive's execution and non-revocation of this Agreement, the Company agrees to pay to Executive the amounts and provide to Executive the benefits, in each case, provided in Section 3, Paragraph 3.4 of the Amended and Restated Employment Agreement. For clarification, the aggregate severance amount will be $1,170,923, which consists of: (i) an amount ($594,059), paid to the Executive in substantially equal installments on a salary continuation basis according to the Company's normal payroll practices over the period from the Termination Date through March 31, 2020, but in no event less frequently than monthly, (ii) the Executive's target bonus in the amount of $563,750, payable to the Executive when the annual cash bonus for 2019 is paid to other executives of the Company, and (iii) continuation of eligible COBRA coverage for 12 months following the Termination Date in the amount of $13,114, subject to the Executive's timely election of continuation coverage under COBRA and continued copayment of premiums at the same level and cost to the Executive as if the Executive were an employee of the Company (excluding, for purposes of calculating cost, an employee's ability to pay premiums with pre-tax dollars). Additionally, effective as of the Termination Date, the Company shall accelerate the vesting of: (A) all of the Executive's Company time-based equity compensation awards that were outstanding as of the Termination Date, to the extent that such awards would have vested within the twelve (12) months following the Termination Date, and (B) the Section 2.1(d) Grant (as defined in Section 2, Paragraph 2.1(d) of the Amended and Restated Employment Agreement). Notwithstanding anything to the contrary contained herein, if a Change in Control (as defined in Section 3.4, Paragraph 3.4(f) of the Amended and Restated Employment Agreement) occurs within ninety (90) days of the Termination Date, the Executive shall be entitled to all of the enhanced severance benefits set forth in Section 3.4(a)(v) of the Amended and Restated Employment Agreement, in accordance with the terms thereof. Consistent with Section 3.4, Paragraph 3.4(e) of the Amended and Restated Employment Agreement, the Executive shall have no duty or obligation to mitigate the amounts due above, and any amounts earned by the Executive from other employment shall not be offset or reduce the amounts due hereunder.

4. **General Release.**

(a) Executive, on behalf of Executive and his heirs, executors, personal representatives, administrators and assigns, irrevocably, knowingly and unconditionally releases, remises and discharges the Company, its parents, all current or former affiliated or related companies of the Company and its parent, partnerships, or joint ventures, and, with respect to each of them, all of the Company's or such related entities' predecessors and successors, and with respect to each such entity, its officers, directors, managers, executives, equity holders, advisors and counsel (collectively, the " Company Parties ") from any and all actions, causes of action, charges, complaints, claims, damages, demands, debts, lawsuits, rights, understandings and obligations of any kind, nature or description whatsoever, known or unknown (collectively, the " Claims "), arising out of or relating to the Executive's employment with the Company and/or the separation of Executive from the Company.

(b) This general release of Claims by Executive includes, without limitation, (i) all Claims based upon actions or omissions (or alleged actions or omissions) that have occurred up to and including the date of this Agreement, regardless of ripeness or other limitation on immediate pursuit of any Claim in the absence of this Agreement; (ii) all Claims relating to or arising out of Executive's employment with and separation from the Company; (iii) all Claims (including Claims for discrimination, harassment, and retaliation) arising under any federal, state or local statute, regulation, ordinance, or the common law, including without limitation, Claims arising under Title VII of the Civil Rights Act of 1964, the Americans With Disabilities Act, the Age Discrimination in Employment Act, as amended, the Family and Medical Leave Act and the Executive Retirement Income Security Act of 1974, the Civil Rights Act of 1991, the Equal Pay Act, the Fair Labor Standards Act, 42 U.S.C. § 1981 and any other federal or state law, local ordinance or common law including for wrongful discharge, breach of implied or express contract, intentional or negligent infliction of emotional distress, defamation or other tort; (iv) all Claims for reinstatement, attorney's fees, interest, costs, wages or other compensation and (v) Claims Executive may have pursuant to an internal grievance procedure at Company.

(c) Executive agrees that there is a risk that each and every injury which he may have suffered by reason of his employment relationship might not now be known, and there is a further risk that such injuries, whether known or unknown at the date of this Agreement, might become progressively worse, and that as a result thereof further damages may be sustained by Executive; nevertheless, Executive desires to forever and fully release and discharge the Company and Company Parties, and he fully understands that by the execution of this Agreement no further claims for any such injuries may ever be asserted.

(d) This general release does not release any Claim that relates to: (i) Executive's right to enforce this Agreement; (ii) any rights Executive may have to indemnification from personal liability or to protection under any insurance policy maintained by the Company, including without limitation any general liability, EPLI, or directors and officers insurance policy or any contractual indemnification agreement; (iii) Executive's right, if any, to government- provided unemployment and worker's compensation benefits; or (iv) Executive's rights under any Company Executive benefit plans (i.e. health, disability or retirement plans), which by their explicit terms survive the termination of Executive's employment. For the avoidance of doubt, notwithstanding any other provision in this Agreement to the contrary, Executive does not release or waive any rights or claims that may arise after the date this Agreement is executed or any claims for breach of this Agreement.

(e) Executive agrees that the consideration set forth in Paragraph 3 above shall constitute the entire consideration provided under this Agreement, and that Executive will not seek from the Company or Company Parties any further compensation or other consideration for any claimed obligation, entitlement, damage, cost or attorneys' fees in connection with the matters encompassed by this Agreement.

(f) Executive understands and agrees that if any facts with respect to this Agreement or Executive's prior treatment by or employment with the Company are found to be different from the facts now believed to be true, Executive expressly accepts, assumes the risk of and agrees that this Agreement shall remain effective notwithstanding such differences. Executive agrees that the various items of consideration set forth in this Agreement fully compensate for said risks and that Executive will have no legal recourse against the Company in the event of discovery of a difference in facts.

(g) Executive agrees to the release of all known and unknown claims, including expressly the waiver of any rights or claims arising out of the Federal Age Discrimination in Employment Act, 29 U.S.C. § 621, et seq. ("ADEA"), and in connection with such waiver of ADEA claims, and as provided by the Older Worker Benefit Protection Act, Executive understands and agrees as follows:

(i) Executive has the right to consult with an attorney before signing this Agreement, and is hereby advised in writing to do so;

(ii) Executive shall have a period of forty-five (45) days from the Termination Date (or from the date of receipt of this Agreement if received after the Termination Date) in which to consider the terms of the Agreement (the "Review Period"). Executive may at his option execute this Agreement at any time during the Review Period. If the Executive does not return the signed Agreement to the Company prior to the expiration of the forty-five (45)-day period, then the offer of severance benefits set forth in this Agreement shall lapse and shall be withdrawn by the Company;

(iii) Executive may revoke this Agreement at any time during the first seven (7) days following Executive's execution of this Agreement, and this Agreement and release shall not be effective or enforceable with respect to any Claim under the ADEA until the seven (7)-day period has expired ("Revocation Period Expiration Date"). Notice of a revocation by the Executive must be made in writing to the designated representative of the Company (as described below) within the seven (7)-day period after Executive signs this Agreement. If Executive revokes this Agreement, it shall not be effective or enforceable against the Company or Company Parties. Accordingly, the "Effective Date" of this Agreement shall be on the eighth (8th) day after Executive signs the Agreement and returns it to the Company, and provided that Executive does not revoke the Agreement during the seven (7)-day revocation period.

In the event Executive elects to revoke this release pursuant to Paragraph 4(g)iii above, Executive shall notify Company by hand-delivery, express courier or certified mail, return receipt requested, within seven (7) days after signing this Agreement to: ATTN: General Counsel, Legal Department, BMC Stock Holdings, Inc., 8020 Arco Corporate Drive, Suite 400, Raleigh, NC 27617. **In the event that Executive exercises his right to revoke this release pursuant to Paragraph 4(g)iii above, any and all obligations of Company under this Agreement shall be null and void.** Executive agrees that by signing this Agreement prior to the expiration of the forty-five (45) day period he has voluntarily waived his right to consider this Agreement for the full forty-five (45)-day period.

EXECUTIVE AGREES THAT THE CONSIDERATION RECEIVED BY HIM UNDER THIS AGREEMENT, INCLUDING THE PAYMENTS DESCRIBED ABOVE, IS IN FULL AND COMPLETE SATISFACTION OF ANY CLAIMS THAT EXECUTIVE MAY HAVE, OR MAY HAVE HAD, ARISING OUT OF EXECUTIVE'S EMPLOYMENT WITH COMPANY (INCLUDING FOR THE AVOIDANCE OF DOUBT, CLAIMS THAT EXECUTIVE MAY HAVE, OR MAY HAVE HAD, AGAINST THE COMPANY OR ANY COMPANY PARTIES) OR THE TERMINATION OF THAT EMPLOYMENT, UP TO THE DATE OF EXECUTION OF THIS AGREEMENT. EXECUTIVE ACKNOWLEDGES THAT HE UNDERSTANDS THAT BY ENTERING INTO THIS AGREEMENT,

HE NO LONGER HAS THE RIGHT TO ASSERT ANY CLAIM OR LAWSUIT OF ANY KIND ATTEMPTING TO RECOVER MONEY OR ANY OTHER RELIEF AGAINST THE COMPANY OR COMPANY PARTIES FOR ACTS OR INJURIES ARISING OUT OF EXECUTIVE'S FORMER EMPLOYMENT BY COMPANY OR THE TERMINATION OF THAT EMPLOYMENT.

5. **Review of Agreement; No Assignment of Claims**. Executive represents and warrants that he (a) has carefully read and understands all of the provisions of this Agreement and has had the opportunity for it to be reviewed and explained by counsel to the extent Executive deems it necessary, (b) is voluntarily entering into this Agreement, (c) has not relied upon any representation or statement made by the Company or any other person with regard to the subject matter or effect of this Agreement, (d) has not transferred or assigned any Claims and (e) has not filed any complaint or charge against any of the Company Parties with any local, state, or federal agency or court.

6. **No Claims**. Each Party represents that he or it has not filed any Claim against the other Party with any state, federal or local agency or court and that he or it will not file any Claim at any time regarding the matters covered by this Agreement; provided, however, that **notwithstanding any provision of this Agreement to the contrary, including but not limited to the provisions in Paragraph 4 above, nothing in this Agreement shall affect the National Labor Relations Board's ("NLRB"), the Internal Revenue Service's ("IRS"), the Equal Employment Opportunity Commission's ("EEOC"), the Securities Exchange Commission's ("SEC"), or any other state or federal governmental agency's right and responsibility to enforce the Civil Rights Act of 1964, as amended, the Civil Rights Act of 1991, as amended, or any other applicable state or federal or local law, nor shall anything in this Agreement be construed as a basis for interfering with Executive's protected right to file a timely charge with, or participate in an investigation or proceeding conducted by, the NLRB, the IRS, the EEOC, the SEC or any other state, federal or local government agency; provided, further, that Executive acknowledges that if the EEOC or any other state, federal or local government entity commences an investigation on his behalf, Executive specifically waives and releases his right, if any, to receive any monetary or non-monetary personal relief or benefits of any sort whatsoever, and Executive will not seek or accept any monetary or non-monetary personal relief or benefits of any sort whatsoever, arising from any such investigation or otherwise, nor will Executive seek reinstatement to his former position with the Company.** Executive further agrees that this Agreement may be pleaded as a complete bar to any action or suit before any administrative body, arbitrator or court with respect to any complaint, charge or claim arising under any federal, state, local or other law relating to any possible claim that existed or may have existed as a result of Executive's employment or separation from employment with the Company.

7. **Interpretation**. This Agreement shall take effect as an instrument under seal and shall be governed and construed in accordance with the laws of the State of Georgia without regard to provisions or principles thereof relating to conflict of laws.

8. **Agreement as Defense**. This Agreement may be pleaded as a full and complete defense to any subsequent action or other proceeding arising out of, relating to or having anything to do with any and all Claims, counterclaims, defenses or other matters capable of being alleged, which are specifically released and discharged by this Agreement. This Agreement may also be used to abate any such action or proceeding and/or as a basis of a cross-complaint for damages.

9. **Nondisclosure of Agreement**. The terms and conditions of this Agreement are confidential. Executive agrees not to disclose the terms of this Agreement to anyone except immediate family members and Executive's attorneys and financial advisers. Executive further agrees to inform

these people that the Agreement is confidential and must not be disclosed to anyone else. Executive may disclose the terms of this Agreement if compelled to do so by a court, but Executive agrees to notify the Company immediately if anyone seeks to compel Executive's testimony in this regard, and to cooperate with the Company if the Company decides to oppose such effort. Executive agrees that disclosure by Executive in violation of this Agreement would cause so much injury to the Company that money alone could not fully compensate the Company and that the Company is entitled to injunctive and equitable relief. Executive also agrees that the Company would be entitled to recover money from Executive if this Agreement were violated.

10. **Ongoing Covenants** . Executive acknowledges that nothing in this Agreement shall limit or otherwise impact Executive's continuing obligations of confidentiality to the Company in accordance with Company policy and applicable law, or any applicable Company policies or agreements between the Company and Executive with respect to non-competition or non-solicitation, including but not limited to those included in Sections 4, 5 and 6 of the Amended and Restated Employment Agreement, which are incorporated into this Agreement by reference (collectively, the " Continuing Obligations "). For the avoidance of doubt, Executive specifically covenants and agrees he is bound by and will abide by all such Continuing Obligations. For purposes of Section 5 of the Amended and Restated Employment Agreement as well as for purposes of this Agreement, the term " Listed Company " or " Listed Companies " means and includes, as of the date of this Agreement, the following ten (10) companies: Builders FirstSource, Inc.; 84 Lumber Company; HD Supply, Inc.; US LBM Holdings, LLC; Carter Lumber Company; McCoy Corporation d/b/a McCoy's Building Supply; Beacon Roofing Supply, Inc.; ABC Supply Co., Inc.; Western Pacific Building Materials Inc.; and American Construction Source LLC. For the avoidance of doubt, the restrictions set forth in Section 5 of the Amended and Restated Employment Agreement shall terminate effective as of March 11, 2020.

11. **No Adverse Comments** . For two (2) years after the Termination Date, Executive agrees not to make, issue, release or authorize any written or oral statements, derogatory or defamatory in nature, about the Company, its affiliates or any of their respective products, services, directors, officers or executives, provided that the foregoing shall not be violated by truthful testimony in response to legal process, normal competitive statements, rebuttal of statements by the other or actions to enforce his rights, and provided further that nothing in this Paragraph 11 shall affect the NLRB's, the IRS', the EEOC's, the SEC's, or any other state or federal governmental agency's right and responsibility to enforce the Civil Rights Act of 1964, as amended, the Civil Rights Act of 1991, as amended, or any other applicable state or federal or local law, nor shall anything in this Paragraph 11 be construed as a basis for interfering with Executive's protected right to file a timely charge with, or participate in an investigation or proceeding conducted by the NLRB, the IRS, the EEOC, the SEC or any other state, federal or local government agency.

12. **Integration; Severability** . The terms and conditions of this Agreement constitute the entire agreement between Company and Executive and supersede all previous communications, either oral or written, between the Parties with respect to the subject matter of this Agreement; provided, however, that the provisions of Section 3, Paragraph 3.4; Section 4; Section 5 and Section 6 of the Amended and Restated Employment Agreement survive and shall remain in full force and effect and inure to the benefit of the Executive and the Company and its past, present, and future subsidiaries and its or their related companies or affiliates and including, for the avoidance of doubt, the Company Parties. No agreement or understanding varying or extending the terms of this Agreement shall be binding upon either Party unless in writing signed by or on behalf of such Party. Notwithstanding the foregoing sentences in this paragraph, anything else in this paragraph, or anything else in this Agreement to the contrary, any arbitration agreement into which Executive entered with the Company or a related entity shall continue in

full force and effect during and after the term of Executive's employment. In the event that a court finds any portion of this Agreement unenforceable for any reason whatsoever, Company and Executive agree that the other provisions of the Agreement shall be deemed to be severable and will continue in full force and effect to the fullest extent permitted by law.

EXECUTIVE ACKNOWLEDGES THE FOLLOWING: HE HAS ENTERED INTO THIS AGREEMENT KNOWINGLY, VOLUNTARILY AND OF HIS OWN FREE WILL WITH A FULL UNDERSTANDING OF ITS TERMS; HE HAS READ THIS AGREEMENT; HE FULLY UNDERSTANDS ITS TERMS; EXECUTIVE IS ADVISED TO CONSULT AN ATTORNEY FOR ADVICE; HE HAS THE RIGHT TO CONSULT WITH AN ATTORNEY PRIOR TO EXECUTING THIS AGREEMENT; HE HAS HAD AMPLE TIME TO CONSIDER HIS DECISION BEFORE ENTERING INTO THE AGREEMENT; EXECUTIVE ACKNOWLEDGES THAT HE IS SATISFIED WITH THE TERMS OF THIS AGREEMENT AND EXECUTIVE AGREES THAT THE TERMS ARE BINDING UPON HIM.

EXECUTIVE FURTHER ACKNOWLEDGES THAT HE HAS BEEN ADVISED IN WRITING BY THE COMPANY OF HIS ABILITY TO TAKE ADVANTAGE OF THE CONSIDERATION PERIOD AFFORDED BY PARAGRAPH 4 ABOVE AND THAT HE HAS THE RIGHT TO CONSULT WITH AN ATTORNEY BEFORE SIGNING THIS AGREEMENT.

[Remainder of page intentionally left blank; signature page immediately follows.]

IN WITNESS WHEREOF , the Parties have executed this Agreement with effect as of the date first above written.

EXECUTIVE

/s/ Michael McGaugh
Michael McGaugh

BMC STOCK HOLDINGS, INC.

By: /s/ Timothy D. Johnson
Name: Timothy D. Johnson
Title: Executive Vice President, General Counsel and Corporate Secretary

EXHIBIT 31.1

CERTIFICATION

I, David E. Flitman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of BMC Stock Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 1, 2019

/s/ David E. Flitman
David E. Flitman
President and Chief Executive Officer
(principal executive officer)

EXHIBIT 31.2

CERTIFICATION

I, James F. Major, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of BMC Stock Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 1, 2019

/s/ James F. Major, Jr.
James F. Major, Jr.
Executive Vice President, Chief
Financial Officer and Treasurer
(principal financial officer)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of BMC Stock Holdings, Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2019 , as filed with the Securities and Exchange Commission (the "Report"), I, David E. Flitman, Chief Executive Officer of the Company, certify pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 1, 2019

/s/ David E. Flitman
David E. Flitman
President and Chief Executive Officer
(principal executive officer)

A signed original of this written statement required by Section 906 has been provided to BMC Stock Holdings, Inc. and will be retained by BMC Stock Holdings, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of BMC Stock Holdings, Inc. (the “Company”) on Form 10-Q for the quarter ended March 31, 2019 , as filed with the Securities and Exchange Commission (the “Report”), I, James F. Major, Jr., Executive Vice President, Chief Financial Officer and Treasurer of the Company, certify pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 1, 2019

/s/ James F. Major, Jr.
James F. Major, Jr.
Executive Vice President, Chief
Financial Officer and Treasurer
(principal financial officer)

A signed original of this written statement required by Section 906 has been provided to BMC Stock Holdings, Inc. and will be retained by BMC Stock Holdings, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.