



OUTPERFORM TODAY. TRANSFORM TOMORROW.

Q1 2023 Earnings Presentation

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MAY 3, 2023

Safe Harbor & Non-GAAP Financial Measures

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Use of Non-GAAP Financial Measures

This presentation includes financial measures and terms not calculated in accordance with accounting principles generally accepted in the United States ("GAAP") in order to provide investors with an alternative method for assessing our operating results in a manner that enables investors to more thoroughly evaluate our current performance as compared to past performance. We believe these non-GAAP measures provide investors with a better baseline for modeling our future earnings expectations. Our management uses these non-GAAP measures for the same purpose. We believe that our investors should have access to the same set of tools that we use in analyzing our results. These non-GAAP measures should be considered in addition to results prepared in accordance with GAAP, but should not be considered a substitute for or superior to GAAP results. Our calculations of adjusted net income, adjusted net income per share, adjusted EBITDA, free cash flow and net leverage are not necessarily comparable to similarly titled measures reported by other companies. The company provided detailed explanations and reconciliations of these non-GAAP financial measures in the earnings release included in its Form 8-K filed with the Securities and Exchange Commission on May 3, 2023.

Our Strategic Priorities Fuel Long-term Profitable Growth



Organic Growth
of Value-added
Products and
Services



Drive
Operational
Excellence



Continue to
Build Our
High-Performing
Culture



Pursue
Strategic
Tuck-in
Acquisitions

Strong Q1 2023 Performance Against a Challenging Macro Backdrop

\$3.9B

Net Sales

31.6% Decrease²

\$1.4B

Gross Profit

25.2% Decrease²

Gross Margin up
300bps² to 35.3%

\$632M

Adjusted EBITDA¹

36.9% Decrease²

Adj. EBITDA¹
Margin of 16.3%

\$2.96

Adjusted EPS¹

24.1% Decrease²

Q1 2023 Total Capital Deployed: ~\$0.8B (M&A of \$0.1B, Share Repurchases of \$0.6B, Net CapEx of \$0.1B)

Executing Against Our Strategy in Q1 2023



Organic Growth of Value-Added Products and Services

- Core organic sales for Single-Family decreased 34.1% as Single-Family housing demand has cooled after a strong couple of years. Multi-Family increased 11.5%, while Repair and Remodel (“R&R”)/Other increased 3.1%



Drive Operational Excellence

- Delivered \$34M in productivity savings in Q1 2023 driven by improved procurement and SG&A efficiencies
- Digital initiatives on track. Completed 6,217 automated window and lumber take-off estimates from customer plans on our Paradigm technology in Q1, an 80% increase over Q4 2022



Continue to Build Our High-Performing Culture

- Improved recordable incident rate (RIR) safety performance by more than 30% vs. FY22; increasing training and development, including enhancing DEI awareness; and providing improved benefits to better attract and retain high-performing talent
- Experienced, cycle-tested management team (30+ years average industry experience) delivered on commitment to superior execution in a down market






Pursue Strategic Tuck-In Acquisitions

- Completed 3 acquisitions year to date with aggregate FY22 sales of ~\$175 million

Continuing to Drive Long-Term Shareholder Value

Disciplined M&A Approach Continues

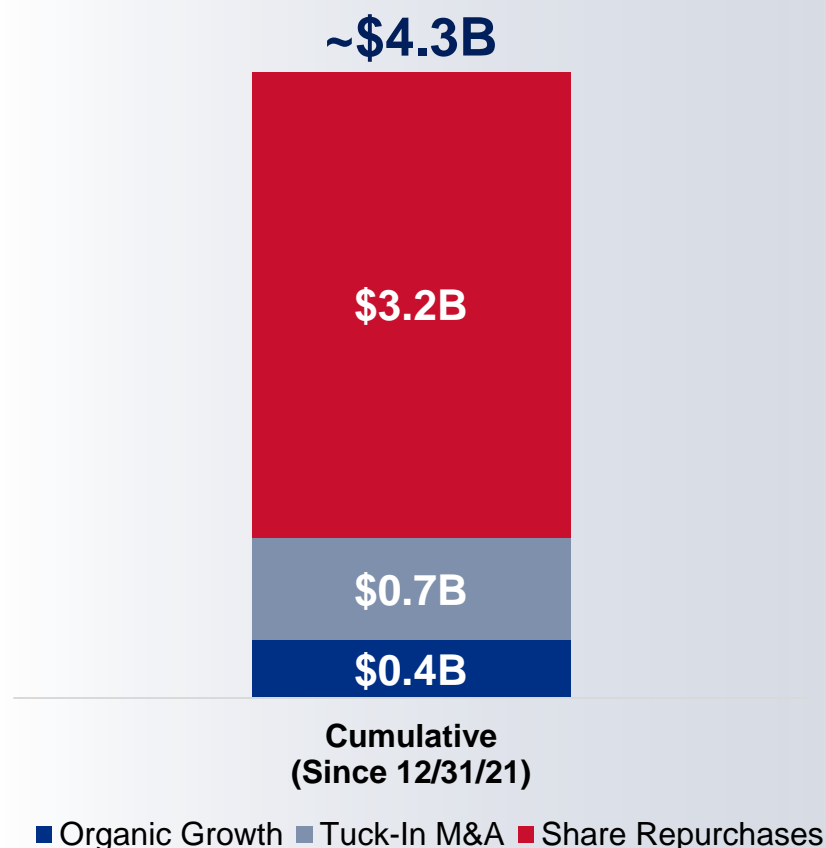
- Successfully completed a substantial number of value-enhancing acquisitions
- Expanded footprint into high growth geographies and enhanced our value-added offerings
- Consistently target value-added products, services, geographies and technologies
- Demonstrated ability to successfully integrate, cross-sell and create operating synergies
- Acquisition pipeline remains active
- Strong balance sheet and ample liquidity to execute M&A strategy

Acquisition	FY22 Sales	Date	Rationale
	\$10M	Q2 2023	▪ Enhances millwork capabilities in Chattanooga, TN
	\$13M	Q2 2023	▪ Enhances millwork capabilities and increases utilization of existing BFS millwork network in Alaska
	\$151M	Q1 2023	▪ Provides building components to the single and multi-family markets throughout Texas

Progress Against Deployable Capital Goal

2021 Investor Day Goal

\$7B - \$10B
DEPLOYABLE CAPITAL
(2022 – 2025)



**Deployed ~\$4.3B
since 12/31/21:**

- ✓ **\$3.2B** deployed to repurchase common shares
- ✓ **\$0.7B** deployed on 9 acquisitions to expand our footprint into high-growth geographies and enhance our value-added offerings
- ✓ **\$0.4B** allocated to ROI-generating growth investments focused on digital and automation

**New \$1B Share
Repurchase
Authorization**

On Track to Deliver on Deployable Capital Goal by 2025

Continuing to Build Our Digital Solutions Platform

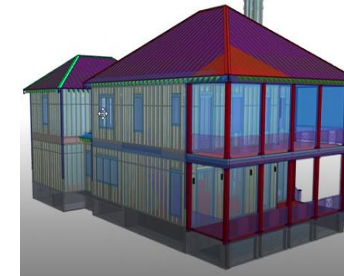
- Launched myBLDR.com builder portal in Q1, which provides access to our 3-dimensional Home Configure pilot; accelerates ability to sell our digital services to more customers
- ~15,000 visitors to Home Configure links in Q1 started ~56,000 sessions
- Completed 6,217 automated take-off estimates from customer plans on our Paradigm technology in Q1, up 80% from Q4 2022
- Roll-out schedule on track with increased market acceptance and an increasing digital sales pipeline
- Kicked off Home Configure pilot – on-boarded customers and began testing key functionality in 4 markets

3-Dimensional Digital Twin

Take-Off Model



Structural Model



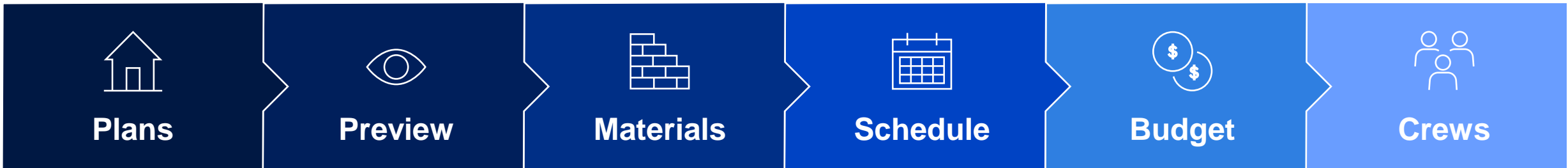
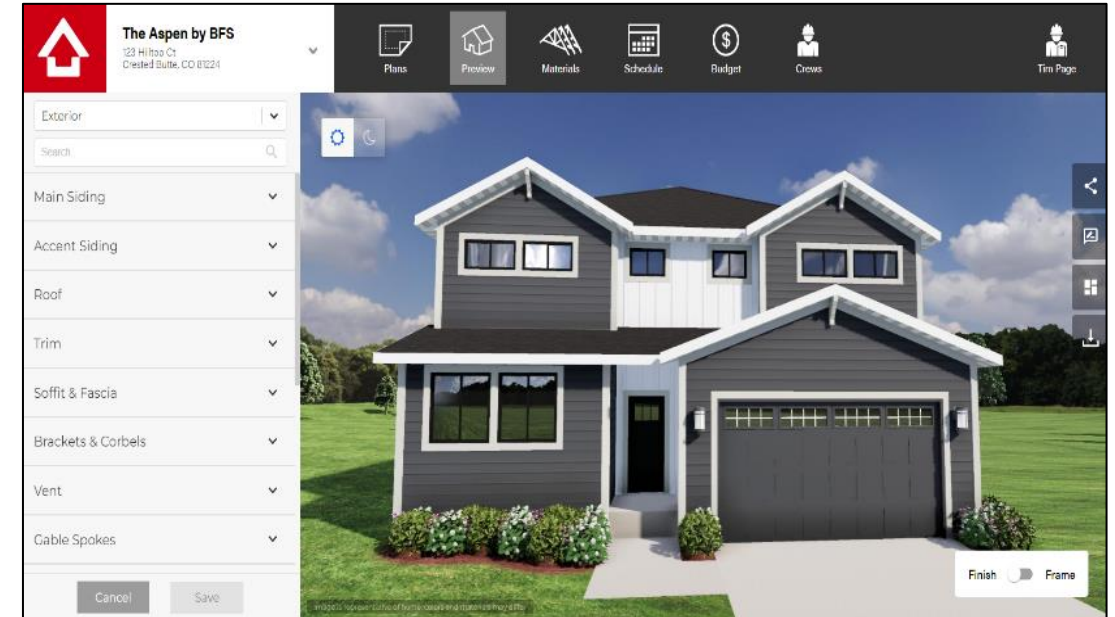
Visualization Model



Digital Transformation of Homebuilding Industry is a \$1B+ Opportunity to BFS

Digital Solutions: Our Next Gen Customer Portal

- ✓ Access point for delivering our Digital Tools and a more collaborative customer experience
- ✓ With continued development, we will be able to connect a homebuilder's processes within one easy-to-use platform
 - ✓ Plan intake and mark-up
 - ✓ Ability to order, use, and share our Home Configure product
 - ✓ Toggle to frame walk for trade partner review and collaboration
 - ✓ Receive and review quotes online, purchase materials, and track orders
 - ✓ Set the job site schedule to align material receipt with trades
 - ✓ View BFS invoices with ability to manually add other project costs

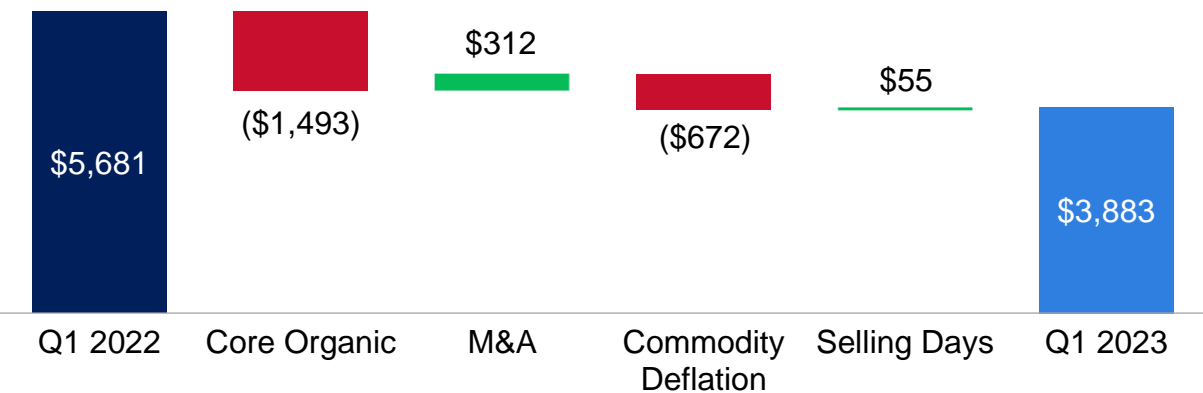


Q1 2023 Financial Update

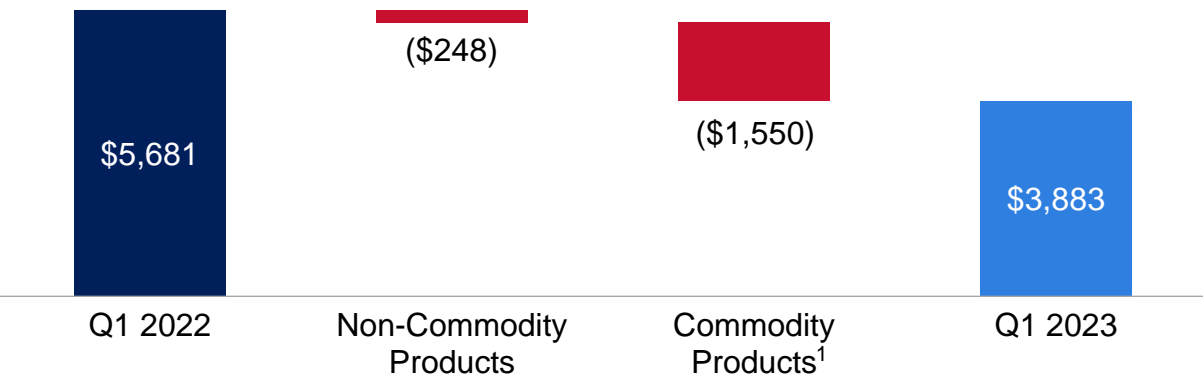
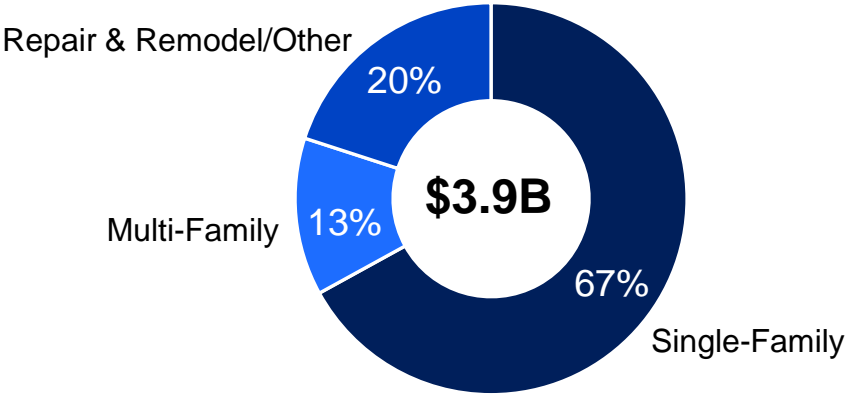
Core Organic Sales Highlights

- Single-Family: -34.1% as Single-Family housing demand has slowed
- Multi-Family: +11.5% driven by a strong rental market and resulting backlog
- R&R/Other: +3.1% through increased sales focus and capacity versus prior year

Net Sales (\$M) Bridges (Q1 2022 to Q1 2023)



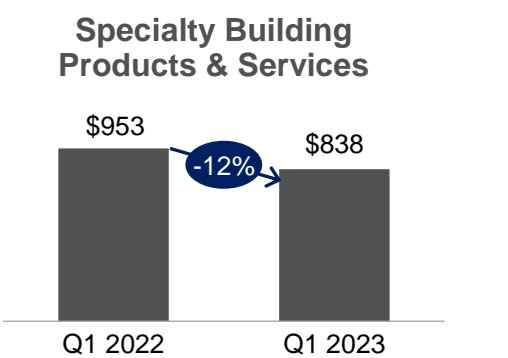
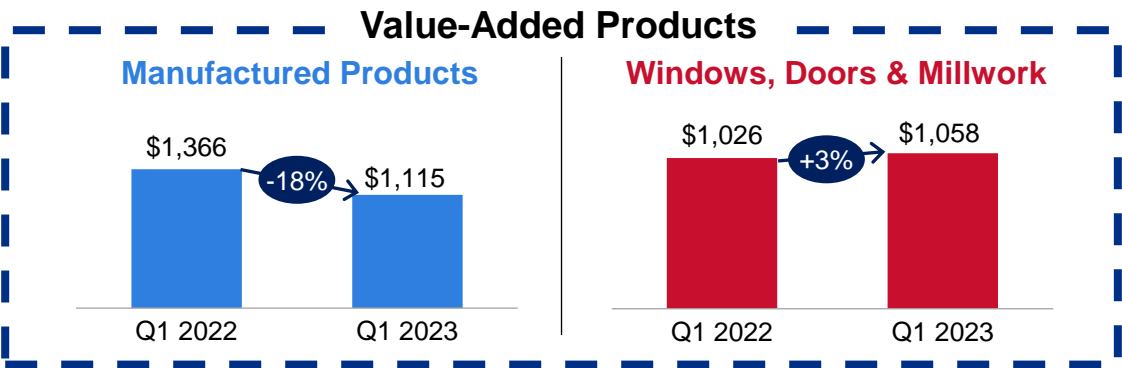
Q1 2023 Net Sales Mix by End Market



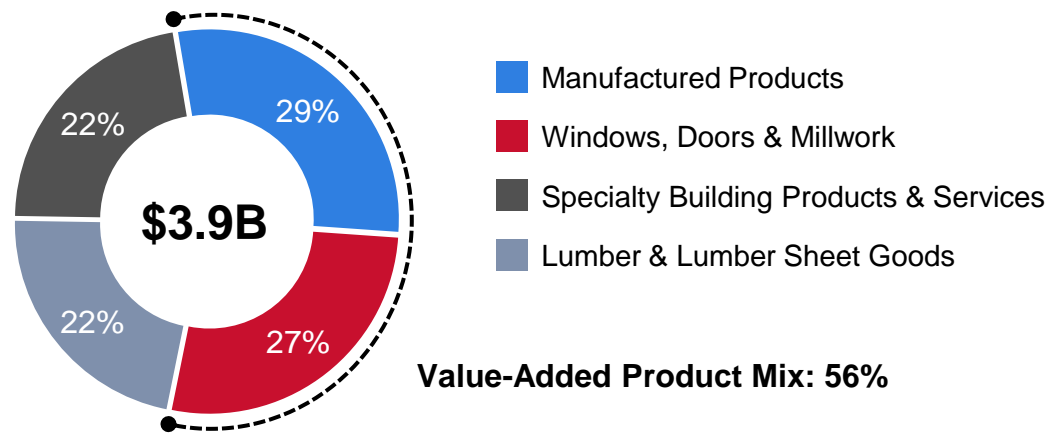
1) Commodity Products are Lumber & Lumber Sheet Goods, including the Lumber & Lumber Sheet Goods used to manufacture trusses and wall panels. Commodity Products includes the impact of commodity inflation/deflation.

Broad Strength Across Value-Added Portfolio

Net Sales (\$M) by Product Category (Q1 2022 vs. Q1 2023)



Q1 2023 Net Sales Mix by Product Category



Core Organic Sales Highlights

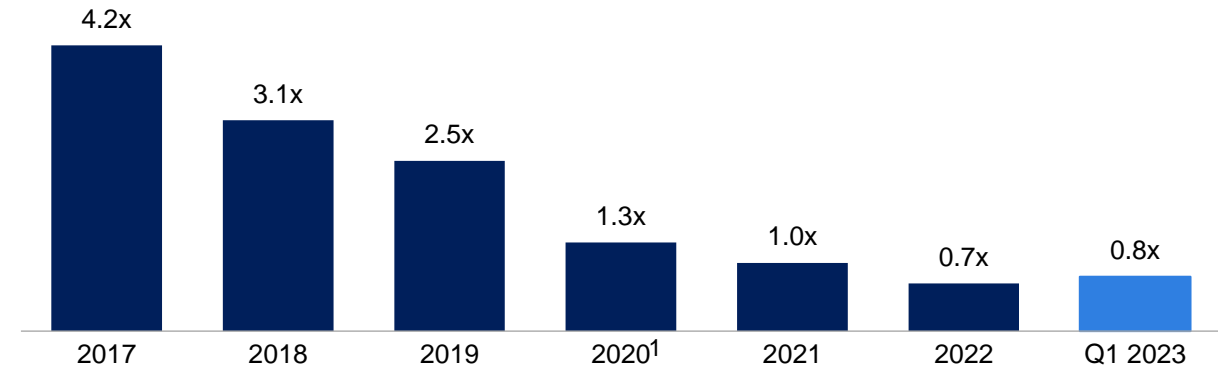
- Value-Added Core Organic Sales decreased ~17%
- Manufactured Products decreased ~29%
- Windows, Doors & Millwork was essentially flat

Strong Balance Sheet and Ample Liquidity Provide Financial Flexibility

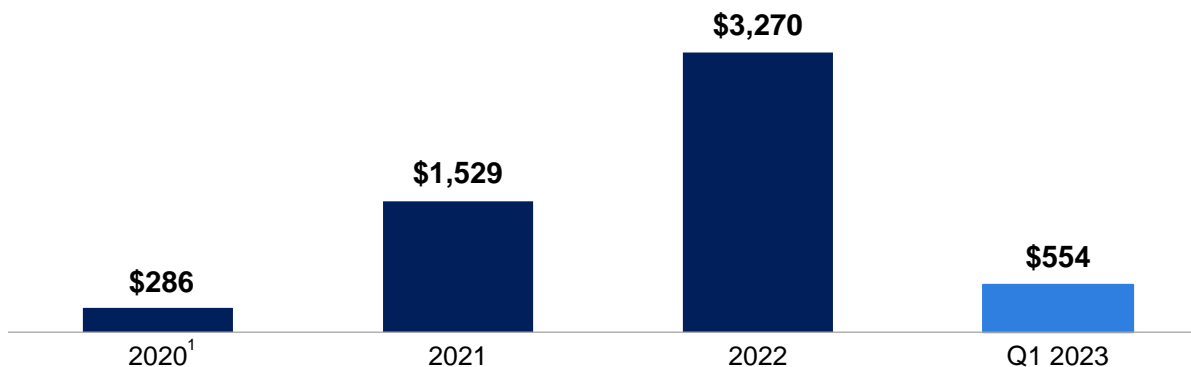
Balanced Capital Allocation Priorities

- 1 Maintain a strong balance sheet
- 2 Reinvest in business to drive growth and productivity
- 3 Continue tuck-in M&A strategy
- 4 Return capital to shareholders

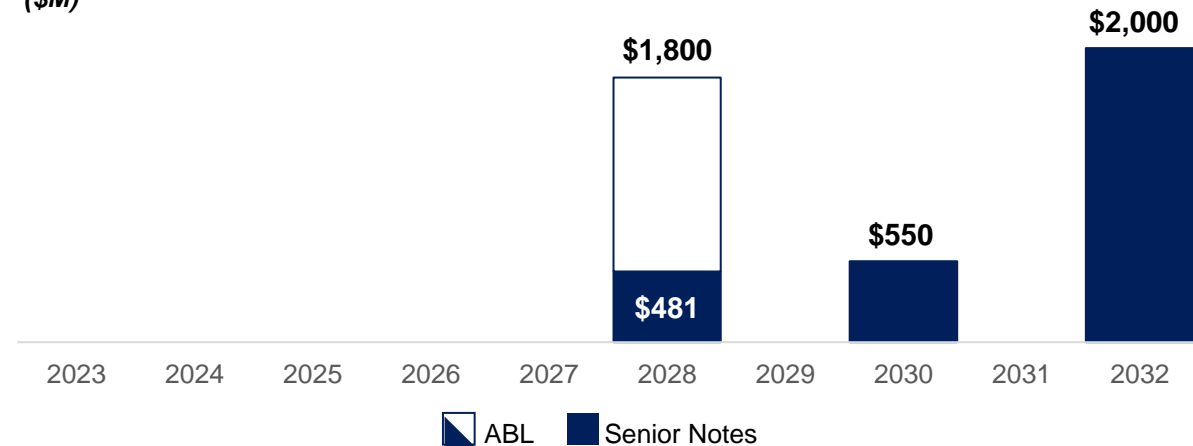
Low Net Leverage Profile



Strong Free Cash Flow (\$M)



Weighted Average Debt Maturity of ~8 Years² (\$M)



Q2 2023 Projected Net Sales and Adj. EBITDA¹

- Adjusted EBITDA margin for Q2 2023 expected to be in the range of 13.1% to 13.7%
- The second quarter guide assumes gross margin to be in the 32% to 34% range
- Projected Net Sales and Adjusted EBITDA include the expected benefit of price, commodity and margin impacts for Q2 2023

\$4.0B to \$4.2B
Net Sales

**\$525M to
\$575M**
Adj. EBITDA¹

2023 Full Year Assumptions

2023 Full Year Assumptions		
Metrics	Current Assumptions	Prior Assumptions
Capital Expenditures ¹	\$325 to \$375 million	\$300 to \$350 million
Interest Expense	Unchanged	\$150 to \$170 million
Effective Tax Rate	Unchanged	23% to 25%
Depreciation & Amortization Expense ²	\$525 to \$575 million	\$525 to \$550 million
Selling Days	Unchanged	No change over 2022 (Q1: +1, Q2: 0, Q3: -1, Q4: 0)
Productivity Savings	Unchanged	\$90 to \$110 million

Positioned to Generate Resilient Financial Performance in a Range of 2023 Downside Scenarios

Estimated Performance Scenario Analysis Based on SF Housing Starts and Commodity Cost Assumptions

	2022A	Fiscal 2023 Scenarios		
SF Housing Starts (000)	1,005	(0%) to (10%)	(10%) to (20%)	(20%) to (30%)
Commodity Price (\$/mbf)	\$760	~\$400 to ~\$500	~\$350 to ~\$450	~\$300 to ~\$400
Total Sales ¹	\$22.7B	\$17.5B to \$19.0B	\$15.5B to \$17.5B	\$14.0B to \$15.5B
Adj. EBITDA ^{1,2} % of Sales	\$4.4B 19.3%	\$2.4B to \$2.8B 14% to 15%	\$2.0B to \$2.4B 13% to 14%	\$1.6B to \$2.0B 11% to 13%

Assumptions

- Price fluctuations can result in materially different results than in a static commodity environment
- Adj. EBITDA and margin reflects estimated gross profit and SG&A expense for various end market, commodity cost, sales volume and sales mix assumptions
- Expenses associated with commodity price changes are included

Differentiated Market Leader Positioned for Above Market Growth & Expanding Profitability



Market leader in a highly fragmented industry

Growing portfolio of value-added products and solutions

Strategic investment in value-added capacity, driving share gains and margin expansion

Exceptional geographic, customer and end market diversity

Focus on maintaining strong balance sheet and liquidity

Solid cash flow generation and maintaining leverage

Operational excellence and cost management initiatives driving gains in efficiency, productivity, and customer value

Experienced and cycle-tested management team



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Appendix

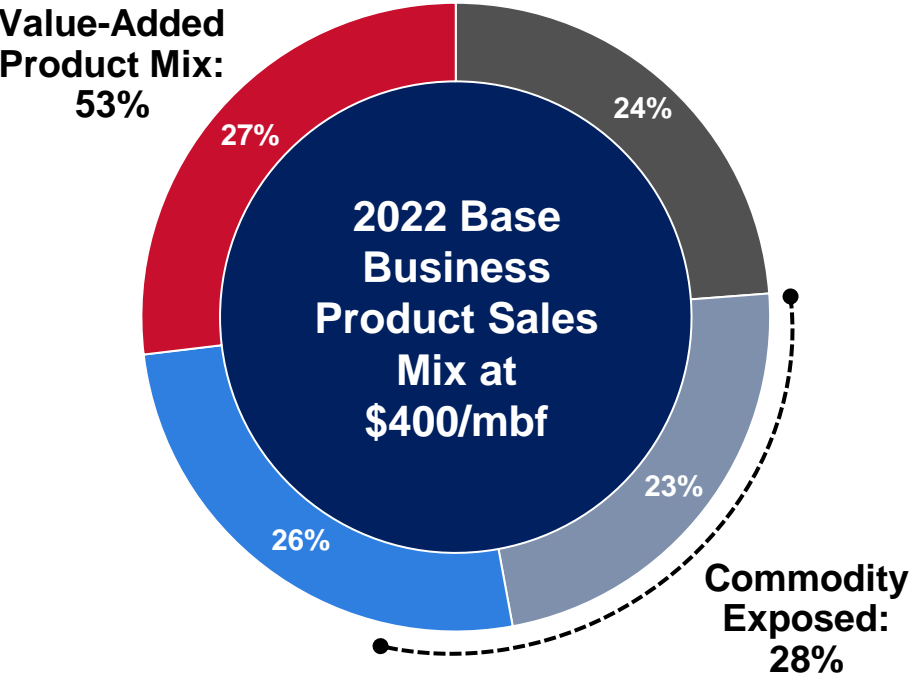
Flexible Business Model and Downturn Playbook

Ongoing Actions	Downside Actions	Value Creation Opportunities
<ul style="list-style-type: none"> ✓ ~70% of SG&A expense is variable <ul style="list-style-type: none"> ✓ Self-adjusting variable compensation – which is ~20% of the ~70% total – naturally flexes with market conditions ✓ Efficient capacity utilization and ongoing optimization of footprint ✓ Balance the need for variable cost reductions and future capacity ✓ Strong free cash flow and focused capital expenditures ✓ Working capital closely aligned to demand signals 	<ul style="list-style-type: none"> ↔ ● Discretionary spending reductions ↔ ● Freeze/reduce headcount ↔ ○ Moderate capex where appropriate ↔ ● Right size the network and optimize capacity across plants and yards ↔ ● Accelerate productivity projects ↔ ● Manage variable expenses to market levels <p>● Fully Executed ↔ Q4 to Q1 Change</p>	<ul style="list-style-type: none"> ↔ ● Highly accretive share repurchases ↔ ● Tuck-in acquisitions to drive long-term value creation ↔ ● Accelerate digital and technology transformation ↔ ● Utilize product portfolio and competitive advantages in marketplace to gain share ↔ ● Identify and accelerate strong ROI projects

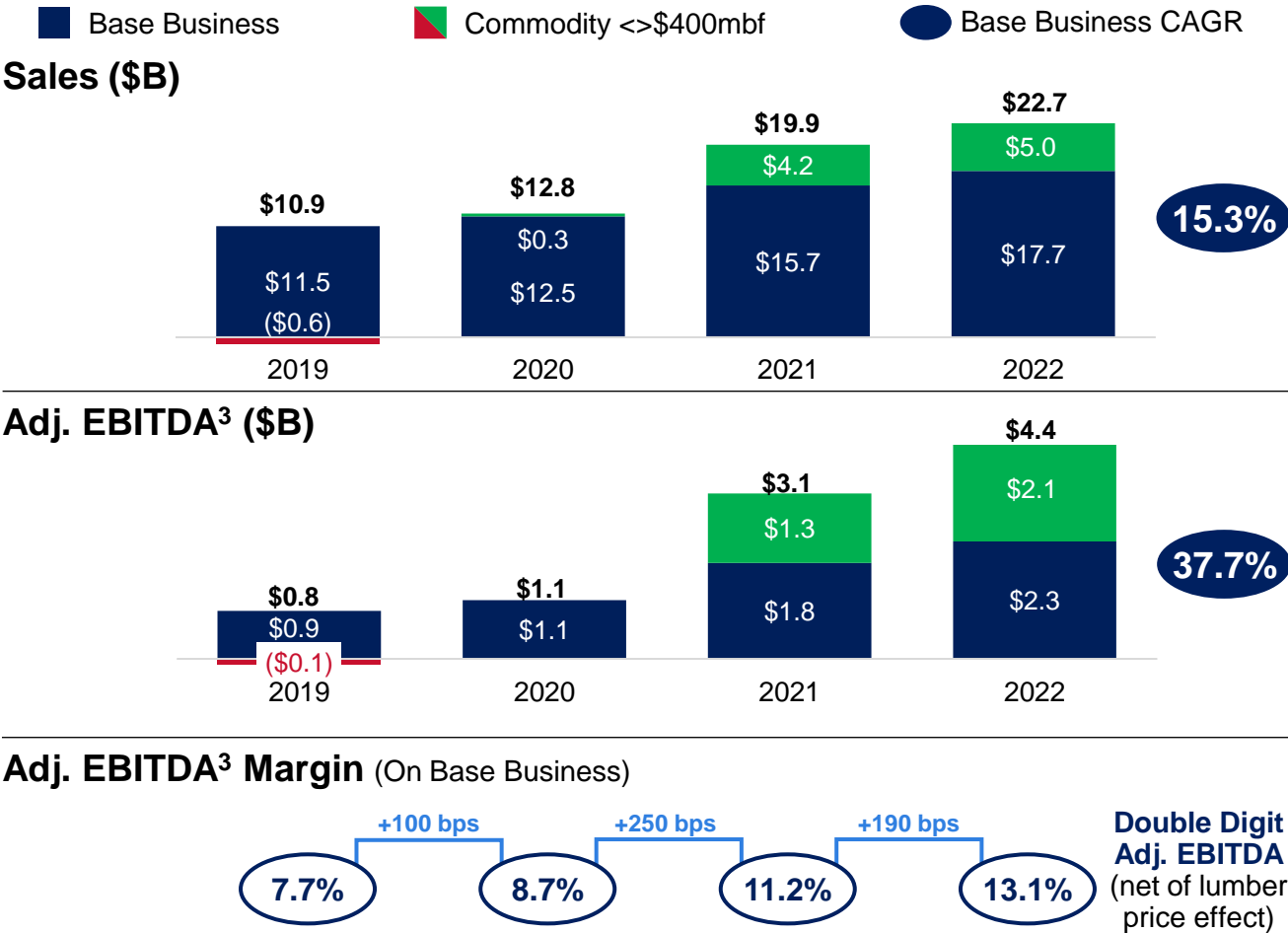
Consistent Focus – Prepared to Win in Any Environment

Base Business¹ Performance Aligned with Long Term Plan

Over 70% of BFS's Base Business¹ is Non-Commodity



Majority of EBITDA Growth is Driven by Value-Added Products and Sustainable Operations Improvement / Synergy



1) This estimate assumes \$400/mbf lumber & sheet good pricing at normalized gross margins.
2) Commodity exposure in manufactured products represents an estimated 5% of 2022E net sales mix at \$400/mbf.
3) Adjusted EBITDA and adjusted EBITDA margin are Non-GAAP financial measures. See the non-GAAP Financial Measures slide in this presentation for a definition thereof and a discussion of certain matters regarding non-GAAP guidance.

Summary Financial Information & Reconciliations

BUILDERS FIRSTSOURCE, INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS (unaudited)

(in thousands, except per share amounts)	Three Months Ended March 31,	
	2023	2022
Net sales	\$ 3,883,314	\$ 5,681,131
Cost of sales	2,511,914	3,848,758
Gross margin	1,371,400	1,832,373
Selling, general and administrative expenses	904,217	968,568
Income from operations	467,183	863,805
Interest expense, net	42,108	41,314
Income before income taxes	425,075	822,491
Income tax expense	91,289	182,851
Net income	<u>\$ 333,786</u>	<u>\$ 639,640</u>
<i>Net income per share:</i>		
Basic	<u>\$ 2.44</u>	<u>\$ 3.61</u>
Diluted	<u>\$ 2.41</u>	<u>\$ 3.56</u>
<i>Weighted average common shares:</i>		
Basic	<u>137,074</u>	<u>177,120</u>
Diluted	<u>138,412</u>	<u>179,546</u>

Summary Financial Information & Reconciliations

BUILDERS FIRSTSOURCE, INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (unaudited)

(in thousands)	Three Months Ended March 31,	
	2023	2022
Cash flows from operating activities:		
Net income	\$ 333,786	\$ 639,640
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	136,549	111,946
Deferred income taxes	(21,469)	(7,398)
Stock-based compensation expense	11,026	8,841
Other non-cash adjustments	1,645	2,037
Changes in assets and liabilities, net of assets <u>acquired</u> and liabilities assumed:		
Receivables	108,561	(549,712)
Inventories	101,745	(561,813)
Contract assets	7,583	(33,081)
Other current assets	8,143	(27,860)
Other assets and liabilities	1,734	407
Accounts payable	139,545	470,198
Accrued liabilities	(174,994)	93,237
Contract liabilities	527	33,380
Net cash provided by operating activities	654,381	179,822
Cash flows from investing activities:		
Cash used for acquisitions	(78,970)	—
Purchases of property, plant and equipment	(105,645)	(50,475)
Proceeds from sale of property, plant and equipment	5,755	2,140
Net cash used in investing activities	(178,860)	(48,335)
Cash flows from financing activities:		
Borrowings under revolving credit facility	1,267,000	1,906,000
Repayments under revolving credit facility	(1,050,000)	(1,738,000)
Proceeds from long-term debt and other loans	—	301,500
Repayments of long-term debt and other loans	(1,048)	(827)
Payments of loan costs	(1,180)	(6,416)
Exercise of stock options	315	420
Repurchase of common stock	(626,646)	(354,965)
Net cash (used in) provided by financing activities	(411,559)	107,712
Net change in cash and cash equivalents	63,962	239,199
Cash and cash equivalents at beginning of period	80,445	42,603
Cash and cash equivalents at end of period	\$ 144,407	\$ 281,802

Summary Financial Information & Reconciliations

BUILDERS FIRSTSOURCE, INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED BALANCE SHEET (unaudited)

(in thousands, except per share amounts)	March 31, 2023	December 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 144,407	\$ 80,445
Accounts receivable, less allowances of \$58,993 and \$67,980 at March 31, 2023 and December 31, 2022, respectively	1,429,939	1,448,139
Other receivables	144,605	234,966
Inventories, net	1,336,163	1,426,196
Contract assets	176,116	183,700
Other current assets	116,059	124,201
Total current assets	3,347,289	3,497,647
Property, plant and equipment, net	1,605,575	1,567,631
Operating lease right-of-use assets, net	484,710	485,704
Goodwill	3,495,355	3,456,854
Intangible assets, net	1,493,049	1,550,944
Other assets, net	50,938	36,380
Total assets	<u>\$ 10,476,916</u>	<u>\$ 10,595,160</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 938,938	\$ 803,479
Accrued liabilities	593,422	739,009
Contract liabilities	194,195	193,178
Current portion of operating lease liabilities	100,946	100,758
Current maturities of long-term debt	4,430	6,355
Total current liabilities	1,831,931	1,842,779
Noncurrent portion of operating lease liabilities	403,812	404,463
Long-term debt, net of current maturities, discounts and issuance costs	3,194,428	2,977,842
Deferred income taxes	248,191	269,660
Other long-term liabilities	141,322	137,850
Total liabilities	5,819,684	5,632,594
Commitments and contingencies (Note 11)		
Stockholders' equity:		
Preferred stock, \$0.01 par value, 10,000 shares authorized; zero shares issued and outstanding	—	—
Common stock, \$0.01 par value, 300,000 shares authorized; 131,767 and 138,864 shares issued and outstanding at March 31, 2023 and December 31, 2022, respectively	1,318	1,389
Additional paid-in capital	4,246,151	4,257,667
Retained earnings	409,763	703,510
Total stockholders' equity	4,657,232	4,962,566
Total liabilities and stockholders' equity	<u>\$ 10,476,916</u>	<u>\$ 10,595,160</u>

Summary Financial Information & Reconciliations

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

(in millions)	Three Months Ended March 31,		Twelve Months Ended March 31,
	2023	2022	2023
Reconciliation to Adjusted EBITDA:			
GAAP net income	\$ 333.8	\$ 639.6	\$ 2,443.5
Acquisition and integration expense	16.1	14.8	78.4
Debt issuance and refinancing cost ⁽¹⁾	-	-	27.4
Amortization expense	84.6	65.7	321.4
Tax-effect of adjustments to net income	(24.2)	(19.3)	(102.5)
Adjusted net income	\$ 410.3	\$ 700.8	\$ 2,768.2
Weighted average diluted common shares	138.4	179.5	
Diluted adjusted net income per share:	\$ 2.96	\$ 3.90	
Reconciling items:			
Depreciation expense	\$ 52.0	\$ 46.2	\$ 200.3
Interest expense, net	42.1	41.3	171.8
Income tax expense	115.5	202.2	833.4
Stock compensation expense	11.0	8.8	33.5
Other management-identified adjustments ⁽²⁾	0.8	1.2	0.6
Adjusted EBITDA	\$ 631.7	\$ 1,000.5	\$ 4,007.8
Adjusted EBITDA margin	16.3%	17.6%	19.1%

(1) Costs associated with issuing and extinguishing long term debt in 2021 and 2022.

(2) Primarily relates to severance, gain on sale of assets, and other one-time costs.

Summary Financial Information & Reconciliations

BUILDERS FIRSTSOURCE, INC. AND SUBSIDIARIES

Financial Data

(unaudited)

(in millions, except per share amounts)	Three Months Ended March 31,	
	2023	2022
Net sales	\$ 3,883.3	\$ 5,681.1
Cost of sales	2,511.9	3,848.7
Gross margin	1,371.4	1,832.4
Gross margin %	35.3%	32.3%
Adjusted SG&A/Other (excluding depreciation and amortization) as a % of sales ⁽¹⁾	19.1%	14.7%
Adjusted EBITDA	631.7	1,000.5
Adjusted EBITDA margin %	16.3%	17.6%
Depreciation expense	(52.0)	(46.2)
Interest expense, net of debt issuance cost and refinancing	(42.1)	(41.3)
Income tax expense	(115.5)	(202.2)
Other adjustments	(11.8)	(10.0)
Adjusted net income	\$ 410.3	\$ 700.8
Basic adjusted net income per share:	\$ 2.99	\$ 3.96
Diluted adjusted net income per share:	\$ 2.96	\$ 3.90
Weighted average common shares		
Basic	137.1	177.1
Diluted	138.4	179.5

(1) Adjusted SG&A and other as a percentage of sales is defined as GAAP SG&A less depreciation and amortization, stock compensation, acquisition, integration and other expenses.

Summary Financial Information & Reconciliations

BUILDERS FIRSTSOURCE, INC. AND SUBSIDIARIES Interest Reconciliation (unaudited)

(in millions)	Three Months Ended March 31, 2023	
	Interest Expense	Net Debt Outstanding
2032 Unsecured notes @ 4.25%	\$ 13.8	\$ 1,300.0
2032 Unsecured notes @ 6.375%	11.2	700.0
2030 Unsecured notes @ 5.00%	6.9	550.0
2027 Secured notes @ 6.75%	-	-
Revolving credit facility @ 7.80% weighted average interest rate	4.2	481.0
Amortization of debt issuance costs, discount and premium	1.2	-
Finance leases and other finance obligations	4.8	198.3
Debt issuance and refinancing cost	-	-
Cash	-	(144.4)
Total	<u>\$ 42.1</u>	<u>\$ 3,084.9</u>

(in millions)	Three Months Ended March 31, 2023	
Free Cash Flow		
Operating activities	\$	654.4
Less: Capital expenditures, net of proceeds		(99.9)
Free cash flow	<u>\$</u>	<u>554.5</u>

Summary Financial Information & Reconciliations

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

(in millions)	Three Months Ended March 31,				
	2023		2022		% Change
	Net Sales	% of Net Sales	Net Sales	% of Net Sales	
Manufactured products	\$ 1,114.8	28.7%	\$ 1,366.1	24.0%	-18.4%
Windows, doors & millwork	1,058.0	27.2%	1,025.8	18.1%	3.1%
Value-added products	2,172.8	55.9%	2,391.9	42.1%	-9.2%
Specialty building products & services	838.4	21.6%	952.7	16.8%	-12.0%
Lumber & lumber sheet goods	872.1	22.5%	2,336.5	41.1%	-62.7%
Total net sales	<u>\$ 3,883.3</u>	<u>100.0%</u>	<u>\$ 5,681.1</u>	<u>100.0%</u>	<u>-31.6%</u>