Second Quarter 2019 Earnings Presentation

August 2, 2019

Safe Harbor & Non-GAAP Financial Measures

Cautionary Notice

Statements in this news release and the schedules hereto that are not purely historical facts or that necessarily depend upon future events, including statements about expected market share gains, forecasted financial performance or other statements about anticipations, beliefs, expectations, hopes, intentions or strategies for the future, may be forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. In addition, oral statements made by our directors, officers and employees to the investor and analyst communities, media representatives and others, depending upon their nature, may also constitute forward-looking statements. All forward-looking statements are based upon currently available information and the Company's current assumptions, expectations and projections about future events. Readers are cautioned not to place undue reliance on forward-looking statements. Forward-looking statements are by nature inherently uncertain, and actual results or events may differ materially from the results or events described in the forward-looking statements as a result of many factors. Builders FirstSource, Inc. undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Any forward-looking statements involve risks and uncertainties, many of which are beyond the Company's control or may be currently unknown to the Company, that could cause actual events or results to differ materially from the events or results described in the forward-looking statements, including risks or uncertainties related to the Company's growth strategies, including gaining market share, or the Company's revenues and operating results being highly dependent on, among other things, the homebuilding industry, lumber prices and the economy. Builders FirstSource, Inc. may not succeed in addressing these and other risks. Further information regarding factors that could affect our financial and other results can be found in the risk factors section of Builders FirstSource, Inc.'s most recent annual report on Form 10-K filed with the Securities and Exchange Commission ("SEC") and may also be described from time to time in the other reports the Company files with the SEC. Consequently, all forward-looking statements in this release are qualified by the factors, risks and uncertainties contained therein.

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, and adjusted EBITDA are not necessarily comparable to similarly titled measures reported by other companies. The company provided detailed explanations of these non-GAAP financial measures in its Form 8-K filed with the Securities and Exchange Commission on August 1, 2019.

Differentiated market leader positioned for ongoing growth and expanding profitability

- Leadership in a highly fragmented industry
- Exceptional geographic, customer and end market diversity
- Investment in value-added capacity driving market share gains and margin expansion
- Ongoing favorable housing market fundamentals
- Expanding cash flow generation and de-risked balance sheet
- Operational excellence and cost management initiatives to drive meaningful value creation
- Experienced management team

H1 2019 Update

H1 2019 Highlights

Solid Growth	Estimated sales volume growth of 4%, well above the market, further demonstrating the resilience of our platform Growth across all three customer end-markets and our non-commodity related product categories A decline in commodity prices, improved sales mix and disciplined execution underpinned expanded gross margin
Operational Excellence On Track	Pricing tools continued to improve margin management and timeliness of pricing decisions Roll-out of our dispatch and delivery optimization system remained on track with a total of ~200 locations completed in H1 2019
Value-Added Products Growth Strategy	Value-added product categories grew by approximately 7% excluding commodity deflation Strong demand from homebuilders for productivity and efficiency solutions Continued to invest in additional value-added capacity including the acquisition of three manufacturing facilities in Arizona and Nevada after the quarter-end

H1 2019 Key Figures

Net Sales	**$3.5b** **-6.7%**
Gross Margin	**27.1%** **+320 bp**
Adjusted EBITDA	**$246.5m** **+11.1%**

Q2 2019 Financial Highlights

Net sales

$1.9b

-8.9%

- Sales volume: +2% led by above market growth in the single family homebuilding end market and multi-family partially offset by a decline in R&R / Other
- Value-added products: +5% excluding deflation
- Commodity prices: deflation impacted sales -11% reflecting lower lumber and panel prices than the same period last year

Gross Margin

27.2%

+350 bps

- Improved sales mix due to particularly strong growth in higher margin products
- Decline in the cost of commodities relative to our customer pricing commitments combined with continued pricing discipline
- Commodity prices: lumber and panel indices -10% and -6%, respectively, since the beginning of the second quarter

Adjusted EBITDA

$145.6m

+$7m / +5%

- Adjusted EBITDA margin: +90 bps driven by improved gross margin dollar and percent as described above
- SG&A: +$10m primarily due to higher variable compensation related to the increased gross margin

Adjusted Net Income

$74m

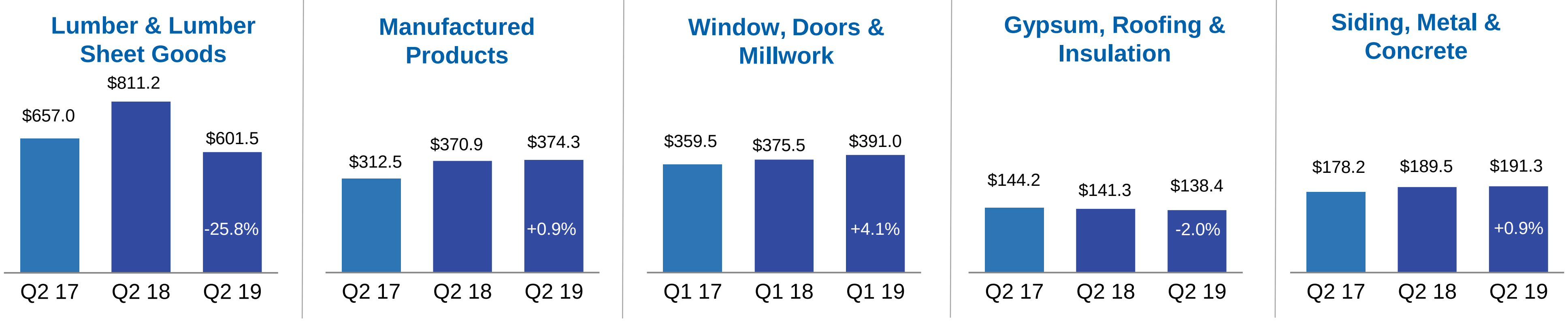
+$12m / +18%

- Diluted Adjusted EPS: $0.63 per share, +18% over the prior year
- Interest expense: increased slightly due to $4.3m in charges related to debt financing partially offset by reduced interest from lower debt balances

Q2 2019 Net Sales by Product Category

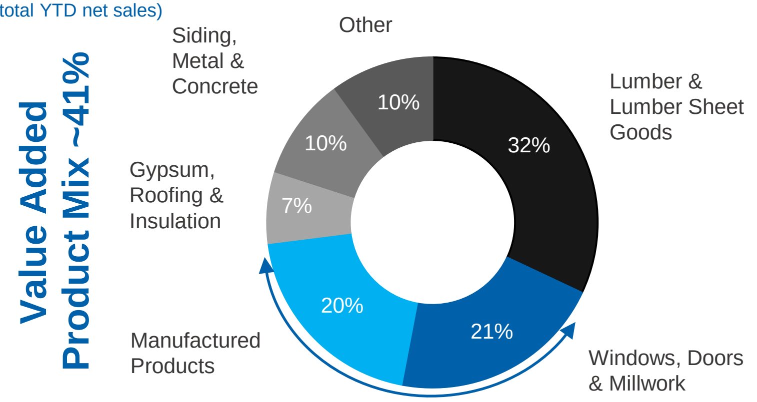
Q2 2019 sales by product category

($ in millions)



Sales mix by product category

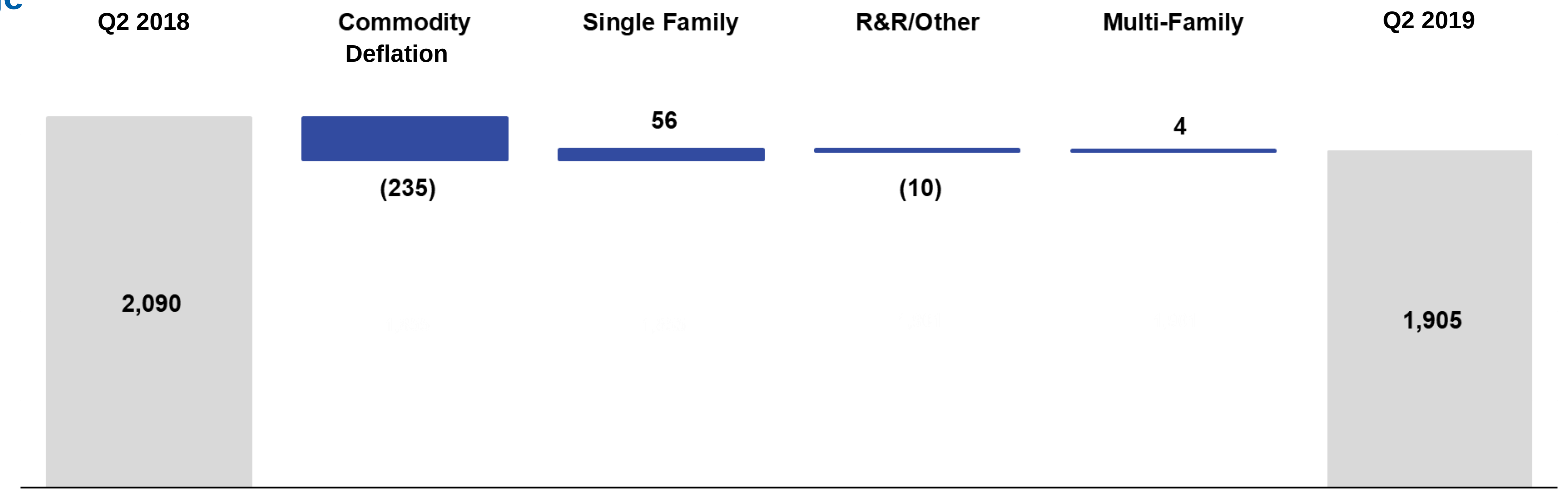
(% of total YTD net sales)



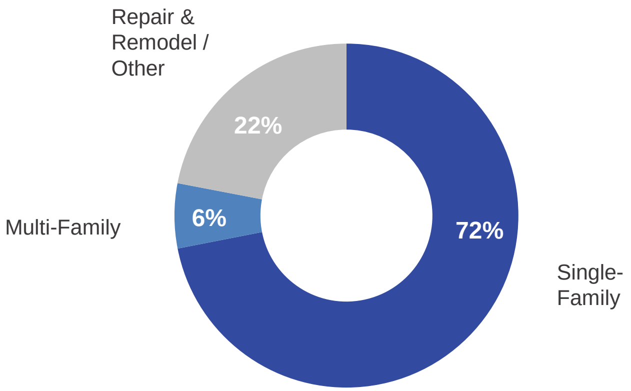
- Higher margin value-added products improved to 41% of total sales
- Commodity deflation drove a decrease in lumber related sales
- Strategic investments in 2019 in additional value-added manufacturing capacity
  - Plan to invest ~$30m: 3 new truss manufacturing facilities, 8 additional lines in existing plants, door facility expansions and new machines and systems to a dozen more
  - Completed the acquisition of three manufacturing facilities in July of 2019 at a transaction price of ~$43m

Q2 2019 Net Sales by End Market

Net sales bridge
($ in millions)



Sales mix by end market
(% of total)



Single family: +3.8% per day, outperforming a down single-family starts market

R&R / Other: -2.2% per day largely due to lower demand in the Midwest

Multi-family: +3.2% per day, on recovering demand compared to the prior year period

Sale mix: H1 2019

Free cash flow and capital allocation priorities

Strong financial underpinnings…

Strong EBITDA generation

Relatively low capital expenditure needs

NOL expected to shelter all but $15-20m of cash taxes in 2019

Strong focus on working capital efficiency

Well-managed balance sheet

…allow BLDR to invest in value creation

Fund capital expenditures at ~1.5% of sales and capture value-added growth opportunities

Strong free cash flow of $180-210m after capital expenditures and recent acquisitions

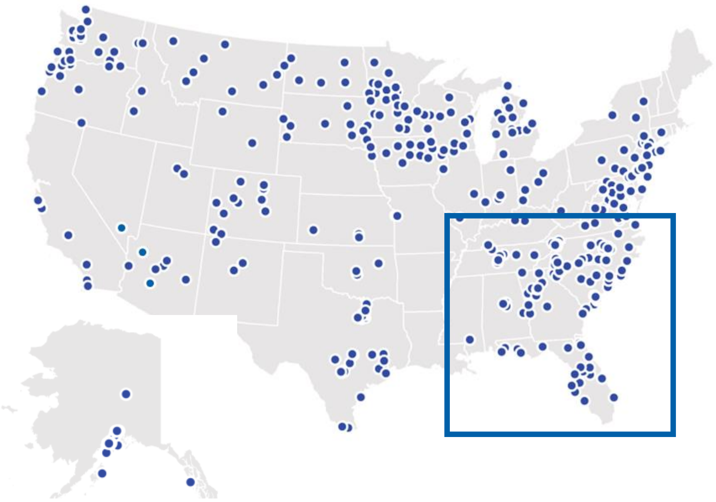
Value creating "tuck-in" acquisitions that complement our existing footprint

Opportunistic share repurchases in 2019 (~$20m related to the value of incentive compensation)

Continued strengthening of balance sheet

Powerful Combination of Network Scale and Regional Density

National footprint and unmatched scale



- 400 total locations across 40 states
- 61 manufacturing facilities producing value-added components
- 77 of the top 100 metropolitan statistical areas
- ~11,000 units of rolling stock including ~5,000 trucks
- ~15,000 team members including ~3,000 sales and support staff

Local management and regional density

Market Example: Atlanta Metro Area

- Optimize utilization, inventory & equipment between locations
- Strategically placed manufacturing and distribution centers allow for speed and reliability
- Minimizes distribution costs and guards against out-of-stock items
- Leverage local market expertise and sharing of resources & administration
- Adjust to market changes and mitigate business risk

Initiatives on track, driving meaningful value creation

Category	~EBITDA contribution		Financial Targets
Core Business Growth	~$130-160m	H1 sales volume growth of 4% -- well above market	> 50% increase in Adjusted EBITDA as compared to FY2018 (~$750m)
Value-Added Product Growth Faster Than Market	~$30-40m	Value-added products leading sales volume growth	> $3.00 - $3.50 Adjusted EPS (~$360m - $420m Adjusted net income)
Operational Excellence Initiatives	~$60-70m	Op. excellence expected to add $14m – 16m to EBITDA in 2019	> 85% Average Annual Free Cash Flow to Adjusted Net Income conversion

Note: Assumes ~120M shares outstanding, CapEx between 1.5-1.7% of sales to capture savings and elevated associated depreciation, no further debt refinancing, and return to housing starts of 1.1M SF and 400K MF starts

Q2 2019 Recap & Outlook

Q2 / H1 Highlights

Q2 2019:

Total sales volume grew more than 2% led by above market growth in the single family segment

Growth in single-family and multi-family partially offset by a decrease in R&R & Other

Value-added Products +5% excluding commodity deflation

Adjusted EBITDA +$6.5m / +5% on higher gross margin

Adjusted net income +18% / Adjusted EPS up $0.09 to $0.63 per share

H1 2019:

Total sales volume per day +4% compared to a down overall housing starts market

Strong ongoing execution of the roll-out of Operational Excellence programs including delivery optimization and pricing tools

Invested ~$40m year to date in capex including expanding our value-added products capacity

Market Outlook

Single Family

Builders continue to pivot to home formats and price points that are in demand

Market fundamentals remain supportive of a low to mid-single digits percent growth for 2019

Multi-Family

Lag between starts and revenue

Expected to be flat year over year

Repair & Remodel

Overall market remains strong – Midwest remains under pressure from tariffs

Low single-digit percent growth expected

Builders FirstSource

Appendix – Financial Schedules

Reconciliation from Net Income to Adjusted EBITDA

($ millions)	Q1 18	Q2 18	Q3 18	Q4 18	FY 18	Q1 19	Q2 19	TTM
Net sales	$ 1,700.4	$ 2,089.9	$ 2,118.5	$ 1,816.0	$ 7,724.8	$ 1,631.3	$ 1,904.5	$ 7,470.3
Gross margin	411.1	496.3	522.8	492.8	1,922.9	442.0	517.2	1,974.7
Gross margin %	*24.2%*	*23.7%*	*24.7%*	*27.1%*	*24.9%*	*27.1%*	*27.2%*	*26.4%*
Reconciliation from Net Income to Adjusted EBITDA:								
GAAP Net Income (Loss)	**$ 23.2**	**$ 56.6**	**$ 73.3**	**$ 52.0**	**$ 205.2**	**$ 35.7**	**$ 66.6**	**$ 227.7**
Integration related expenses	4.4	6.0	4.5	4.3	19.2	4.8	3.2	16.8
Debt issuance and refinancing cost (1)	-	-	-	(3.2)	(3.2)	(0.7)	4.3	0.4
Adjusted Net Income	**$ 27.6**	**$ 62.6**	**$ 77.8**	**$ 53.1**	**$ 221.1**	**$ 39.8**	**$ 74.1**	**$ 244.9**
Weighted average diluted common shares (in millions)	*116.7*	*116.7*	*116.5*	*116.4*	*116.6*	*116.5*	*116.9*	*116.6*
Diluted adjusted net income (loss) per share:	**$ 0.24**	**$ 0.54**	**$ 0.67**	**$ 0.46**	**$ 1.90**	**$ 0.34**	**$ 0.63**	**$ 2.10**
Depreciation and amortization expense	22.8	24.8	25.1	25.2	97.9	23.6	23.8	97.7
Interest expense, net	26.7	29.0	29.1	26.6	111.4	25.6	25.1	106.4
Income tax expense	2.2	19.0	19.4	15.0	55.6	11.3	19.7	65.4
Stock compensation expense	2.9	3.5	3.5	4.5	14.4	2.7	3.4	14.1
(Gain)/loss on sale and asset impairments	0.2	(0.1)	(0.2)	(0.9)	(1.0)	(0.4)	(0.6)	(2.1)
Other management-identified adjustments (2)	0.2	0.3	0.1	1.5	2.2	(1.7)	0.1	(0.1)
Adjusted EBITDA	**$ 82.6**	**$ 139.1**	**$ 154.8**	**$ 125.0**	**$ 501.6**	**$ 100.9**	**$ 145.6**	**$ 526.3**
Adjusted EBITDA Margin	*4.9%*	*6.7%*	*7.3%*	*6.9%*	*6.5%*	*6.2%*	*7.6%*	*7.0%*

(1) Gain or loss associated with refinancing long term debt
(2) Primarily relates to severance and one time cost

Reconciliation from Net Income to Adjusted EBITDA

($ millions)	Three months ended June 30, 2019	Three months ended June 30, 2018	Six months ended June 30, 2019	Six months ended June 30, 2018
Reconciliation to Adjusted EBITDA:				
Reported GAAP Net Income	$ 66.6	$ 56.6	$ 102.3	$ 79.8
Integration related expenses	3.2	6.0	8.0	10.4
Debt issuance and refinancing cost (1)	4.3	-	3.6	-
Adjusted Net Income	**$ 74.1**	**$ 62.6**	**$ 113.9**	**$ 90.2**
Weighted average diluted common shares (in millions)	*116.9*	*116.7*	*116.7*	*116.7*
Diluted adjusted net income per share:	**$ 0.63**	**$ 0.54**	**$ 0.98**	**$ 0.77**
Reconciling items:				
Depreciation and amortization expense	23.8	24.8	47.4	47.6
Interest expense, net	25.1	29.0	50.7	55.7
Income tax (benefit) expense	19.7	19.0	31.0	21.2
Stock compensation expense	3.4	3.5	6.1	6.4
(Gain)/loss on sale and asset impairments	(0.6)	(0.1)	(1.0)	0.1
Other management-identified adjustments (2)	0.1	0.3	(1.6)	0.6
Adjusted EBITDA	**$ 145.6**	**$ 139.1**	**$ 246.5**	**$ 221.8**
Adjusted EBITDA Margin	*7.6%*	*6.7%*	*7.0%*	*5.9%*

(1) Gain or loss associated with refinancing long term debt
(2) Primarily relates to severance and one time cost

Interest Reconciliation and Debt Outstanding

	Six months ended June 30, 2019	
	Interest Expense	**Net Debt Outstanding**
	(in millions)	
2027 Secured Notes @ 6.75% Fixed	$ 2.4	$ 400.0
2024 Secured Notes @ 5.625% Fixed	9.0	578.9
2024 Term Loan @ 5.7% (Floating LIBOR)	5.0	157.1
Revolving Credit Facility @ 4.4% (Floating LIBOR)	2.5	73.0
Amortization of deferred loan costs and debt discount	1.0	
Finance leases and other finance obligations	5.2	240.3
Debt issuance and refinancing cost	4.3	
Cash		(10.6)
Total	$ 29.4	$ 1,438.7

GAAP Financial Schedules – Income Statement

	Three Months Ended June 30, 2019	Three Months Ended June 30, 2018	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018
	(Unaudited) (In thousands, except per share amounts)			
Sales	$ 1,904,523	$ 2,089,888	$ 3,535,823	$ 3,790,324
Cost of sales	1,387,367	1,593,560	2,576,692	2,882,944
Gross margin	517,156	496,328	959,131	907,380
Selling, general and administrative expenses	401,511	391,769	771,595	750,677
Income from operations	115,645	104,559	187,536	156,703
Interest expense, net	29,382	28,957	54,283	55,699
Income before income taxes	86,263	75,602	133,253	101,004
Income tax expense	19,659	18,980	30,941	21,162
Net income	$ 66,604	$ 56,622	$ 102,312	$ 79,842
Comprehensive income	$ 66,604	$ 56,622	$ 102,312	$ 79,842
Net income per share:				
Basic	$ 0.58	$ 0.49	$ 0.89	$ 0.70
Diluted	$ 0.57	$ 0.49	$ 0.88	$ 0.68
Weighted average common shares:				
Basic	115,757	114,636	115,592	114,365
Diluted	116,919	116,693	116,726	116,695

GAAP Financial Schedules – Balance Sheet

	June 30, 2019	December 31, 2018
	(Unaudited) (In thousands, except per share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 10,552	$ 10,127
Accounts receivable, less allowances of $12,772 and $13,054 at June 30, 2019 and December 31, 2018, respectively	715,405	654,170
Other receivables	54,257	68,637
Inventories, net	617,527	596,896
Other current assets	36,217	43,921
Total current assets	1,433,958	1,373,751
Property, plant and equipment, net	675,310	670,075
Operating lease right-of-use assets, net	273,971	-
Goodwill	740,411	740,411
Intangible assets, net	95,417	103,154
Deferred income taxes	7,343	22,766
Other assets, net	23,561	22,152
Total assets	$ 3,249,971	$ 2,932,309
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 516,897	$ 423,168
Accrued liabilities	258,096	292,526
Current portion of operating lease liabilities	60,576	-
Current maturities of long-term debt	12,650	15,565
Total current liabilities	848,219	731,259
Noncurrent portion of operating lease liabilities	218,001	-
Long-term debt, net of current maturities, debt discount, and debt issuance costs	1,420,462	1,545,729
Deferred income taxes	5,967	-
Other long-term liabilities	53,191	58,983
Total liabilities	2,545,840	2,335,971
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $0.01 par value, 10,000 shares authorized; zero shares issued and outstanding	-	-
Common stock, $0.01 par value, 200,000 shares authorized; 115,880 and 115,078 shares issued and outstanding at June 30, 2019 and December 31, 2018, respectively	1,159	1,151
Additional paid-in capital	565,694	560,221
Retained earnings	137,278	34,966
Total stockholders' equity	704,131	596,338
Total liabilities and stockholders' equity	$ 3,249,971	$ 2,932,309

GAAP Financial Schedules – Cash Flow

	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018
	(Unaudited) (In thousands)	
Cash flows from operating activities:		
Net income	$ 102,312	$ 79,842
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	47,390	47,587
Amortization of debt issuance costs and debt discount	2,132	2,308
Loss on extinguishment of debt, net	1,498	-
Deferred income taxes	21,390	18,863
Stock compensation expense	6,038	6,428
Net gain on sale of assets and asset impairments	(1,023)	(326)
Changes in assets and liabilities:		
Receivables	(47,113)	(177,765)
Inventories	(20,631)	(189,925)
Other current assets	7,271	(5,693)
Other assets and liabilities	1,057	2,498
Accounts payable	90,050	67,129
Accrued liabilities	(31,586)	(19,915)
Net cash provided by (used in) operating activities	178,785	(168,969)
Cash flows from investing activities:		
Purchases of property, plant and equipment	(45,392)	(49,948)
Proceeds from sale of property, plant and equipment	4,620	1,075
Net cash used in investing activities	(40,772)	(48,873)
Cash flows from financing activities:		
Borrowings under revolving credit facility	594,000	904,000
Repayments under revolving credit facility	(700,000)	(721,000)
Proceeds from issuance of notes	400,000	-
Repayments of long-term debt and other loans	(423,743)	(6,852)
Payments of loan costs	(7,278)	-
Exercise of stock options	1,883	2,212
Repurchase of common stock	(2,450)	(4,855)
Net cash provided by (used in) financing activities	(137,588)	173,505
Net change in cash and cash equivalents	425	(44,337)
Cash and cash equivalents at beginning of the period	10,127	57,533
Cash and cash equivalents at end of the period	$ 10,552	$ 13,196

Builders FirstSource

First we **Listen** – Then we **Deliver**

Investor Relations

Binit Sanghvi

214-765-3804 | binit.sanghvi@bldr.com