Second Quarter 2020 Earnings Presentation

July 31, 2020

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 recent novel coronavirus disease 2019 (also known as "COVID-19") pandemic, the Company's growth strategies, including gaining market share, or the Company's revenues and operating results being highly dependent on, among other things, the homebuilding industry, lumber prices and the economy. Builders FirstSource, Inc. may not succeed in addressing these and other risks. Further information regarding factors that could affect our financial and other results can be found in the risk factors section of Builders FirstSource, Inc.'s most recent annual report on Form 10-K filed with the Securities and Exchange Commission ("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, 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 of these non-GAAP financial measures in its Form 8-K filed with the Securities and Exchange Commission on July 30, 2020.

Successful Actions to Address the Impact of COVID-19

✓ *Health and Safety*

- Managed business with a safety-first emphasis across nationwide footprint
- Dedicated team in place to monitor daily best practices, ensured safety and implemented swift action as needed
- Implemented safeguards including enhanced location cleaning processes, remote work accommodations, suspended group activities, air travel restrictions and social distancing

✓ *Market Environment*

- Construction activity currently deemed essential in all states that we operate
- Homebuilder orders recovered as quarter progressed
- Solid second quarter momentum continued into July
- Macroeconomic uncertainties remain with high unemployment and varied local government mandates

✓ *Business Preparedness*

- Reacted quickly to right size business in locations that were impacted
- Reduced or deferred non-essential operating expenses
- All BFS locations operational today supplying customers with critical products and services
- Most previously furloughed employees already brought back

✓ *Balance Sheet Flexibility*

- Cash generated by operating activities of $221 million in Q2
- Total liquidity of ~$1.2b, up ~$200 million since May
- Net leverage ratio reduced to 2.3x, below our stated target levels
- Restarted targeted capital expenditures after temporary pause in discretionary expenditures

Well prepared to address the unprecedented environment

YTD 2020 Financial & Operational Update

Net sales
$3.7b
+5.6% YoY
(+0.6% Core Organic)[1]

Gross Margin
26.3%
-80 bps YoY

Adjusted EBITDA
$258.9m
7.0% Margin

Adjusted EPS
$1.02
+$0.04 YoY

Outstanding Sales Performance

Higher sales in a challenging environment has demonstrated the strength of our platform

Sales volume grew across all three customer end markets[2]

Strategic acquisitions completed over the last four quarters contributed 3%

Proactive Cost Management and Operational Excellence

Disciplined execution by our team to deliver strong margins

Reacted quickly to changing local market dynamics as H1 progressed

Cost management measures underpinned record EBITDA

Roll-out of pricing tools and dispatch & delivery optimization initiatives continues

Value Add Products Strategic Investments Showing Results

Value-added sales volume, including acquisitions, grew 4%

Commissioned an additional state of the art component facility adding to our industry leading value-added manufacturing capacity

[1]Core Organic excludes acquisitions, commodity price fluctuations and differences in selling days between periods. [2]Single-family, Multi-family and Repair and Remodel / Other

Q2 2020 Outperformance in a Challenging Environment

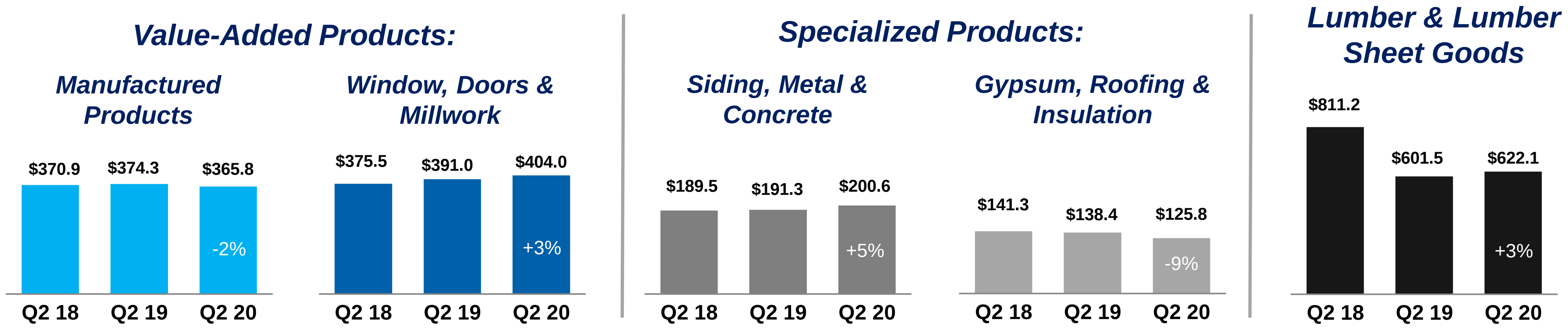
Net sales	$1.9b +2.2% YoY (-2.1% Core Organic)[1]	Demand showed resiliency as quarter progressed; June Core Organic sales growth up low-single digits percent compared to the prior year period Core Organic -2.1% due to the geographic mix impact of shelter-in-place orders Value-added products sales volume +0.4% showed strength geographically led by Windows, Doors and Millwork plus acquisitions
Gross Margin	26.6% -60 bps YoY	Disciplined execution delivered gross margin in line with long term range Commodity cost dipped in April before running up through June
Adjusted EBITDA	$161.9m 8.3% Margin	SG&A: lower by $13m due to lower variable expenses related to compensation and benefits, T&E, fuel cost and other discretionary spend Adjusted EBITDA: higher sales and proactive cost management drove the highest ever quarterly EBITDA
Adjusted EPS	$0.67 +$0.04 YoY	Diluted Adjusted EPS: $0.67 per share, +6% over the prior year quarter Interest expense: +$1.7m excluding the one-time charges on higher debt balances to increase liquidity and financial flexibility

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

Q2 2020 Broad Portfolio Supported Sales Growth

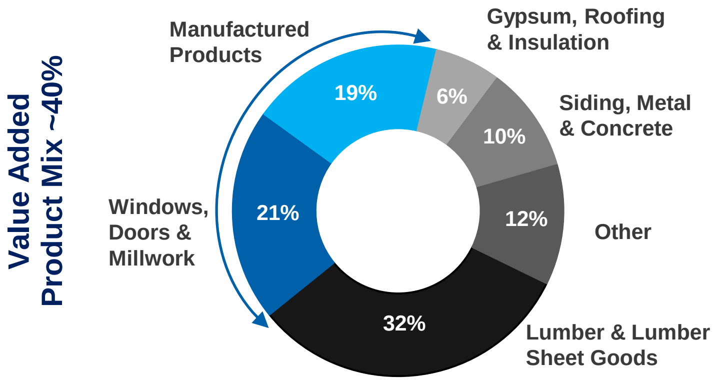
Q2 2020 sales by product category

($ in millions / % change)



Sales mix by product category

(% of total net sales)



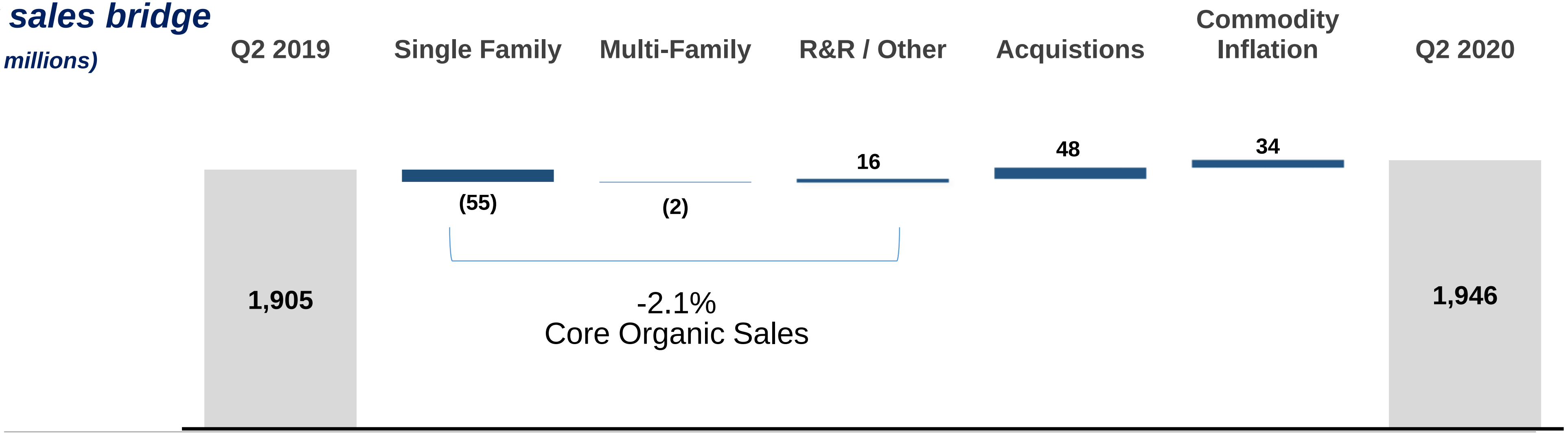
Product Mix Q2 2020

- Value-added products grew sales volume by +0.4%
  - Strategic acquisitions contributed to the value-added products growth
  - Core Organic: -3% impacted by COVID-19; showed growth where construction deemed essential
- Specialized products: sales strong within the R&R and Other customer end market
- Lumber and Sheet Goods sales showed resiliency
  - Commodity price inflation increased net sales by 2%

Q2 2020 Core Organic Better Than Expected in All End Markets

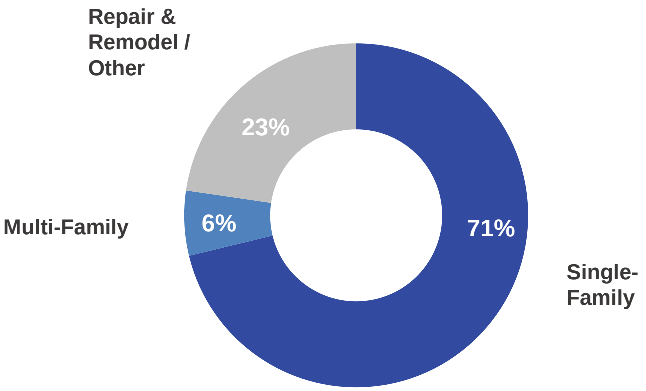
Net sales bridge

($ in millions)



Sales mix by end market

(% of total)



Sales mix: Q2 2020

Core Organic performance:

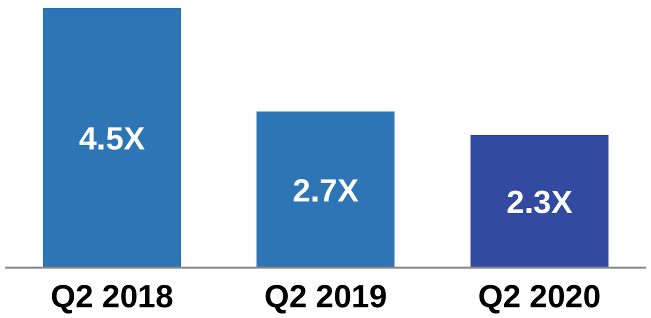
Single family: -4.0% due to COVID-19 impact particularly in Northeast and Northwest

R&R / Other: +3.7% led by strength in the western part of the country

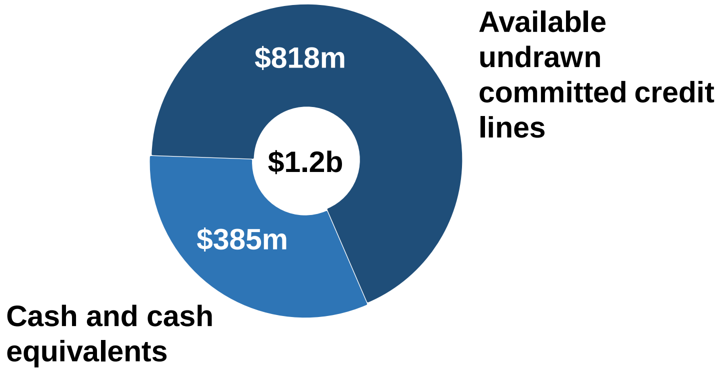
Multi-family: -1.9% on the timing of projects compared to the prior year period

Ample Ability to Invest in Strategic Growth Through the Cycle

Net Leverage[1] Improvement



Ample Liquidity



Organic Growth Investments

- Commissioned state of the art manufacturing facility in Spartanburg, SC
- Adding to our industry leading value-added manufacturing capacity

Value Creating Acquisitions

- Completed 5 “tuck-in” acquisitions LTM
- Incremental revenue opportunity of ~$240m
- Complemented existing portfolio / footprint and acquired new capabilities / geographic markets

Clear Capital Allocation Priorities

Balance sheet strength
Generate cash flow and preserve liquidity

Reinvestments in the business
Capex at ~1.5% of sales of which ~1/4 in value-added growth capacity

Value-creating acquisitions

Return of capital to shareholders

[1]Net Leverage calculated as principal value of debt and lease obligations divided by LTM Adj EBITDA

Resilient Business Positioned to Win

Outlook

Q3 2020

Adjusted EBITDA expected to be flat year over year at ~$160 million

- Safety-first emphasis in all aspects of business
- Expect core organic growth to be up mid-single digits year over year (excluding commodity inflation and acquisitions)
- Gross margin expected to be in the low 24% range due to lumber and panel commodity inflation
- Disciplined cash management to generate additional cash flow and preserve strong liquidity
- Outlook assumes a healthy improvement in starts

Long Range Plan Reinstated

Reaffirming long range plan targets to be achieved in 2022

- Focusing on value-added products and acquisitions to drive growth over the long term
- Executing on operational excellence initiatives to achieve long-term financial targets
- Long range plan targets:
  - Adjusted EBITDA of ~$750 million
  - $3.00 - $3.50 Adjusted EPS ($360 - $420 million Adjusted net income)
  - >85% average annual free cash flow to Adjusted net income conversion
  - Target a 2.5x - 3.5x net leverage ratio

Differentiated Market Leader Positioned for Above Market Growth and Expanding Profitability

- Leadership in a highly fragmented industry
- Exceptional geographic, customer and end market diversity
- Strategic investment in value-added capacity and growth, driving market share gains and margin expansion
- Focus on maintaining strong balance sheet and liquidity
- Expanding cash flow generation and maintaining leverage
- Operational excellence and cost management initiatives driving gains in efficiency, productivity and customer value
- Experienced management team

Appendix – Financial Schedules

Reconciliation from Net Income to Adjusted EBITDA

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

(1) Costs associated with issuing and extinguishing long term debt in 2020 and 2019
(2) Primarily relates to severance and one-time cost

Debt, Interest and Free Cash Flow Reconciliation

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

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

GAAP Financial Schedules – Income Statement[1]

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

[1]Unaudited

GAAP Financial Schedules – Balance Sheet[1]

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

[1]Unaudited

GAAP Financial Schedules – Cash Flow[1]

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

[1]Unaudited

Builders FirstSource

First we Listen – Then we Deliver

Investor Relations

Binit Sanghvi

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