



Q2 2021 Earnings Presentation

August 5, 2021

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BLDR.com



Safe Harbor & Non-GAAP Financial Measures

Cautionary Notice

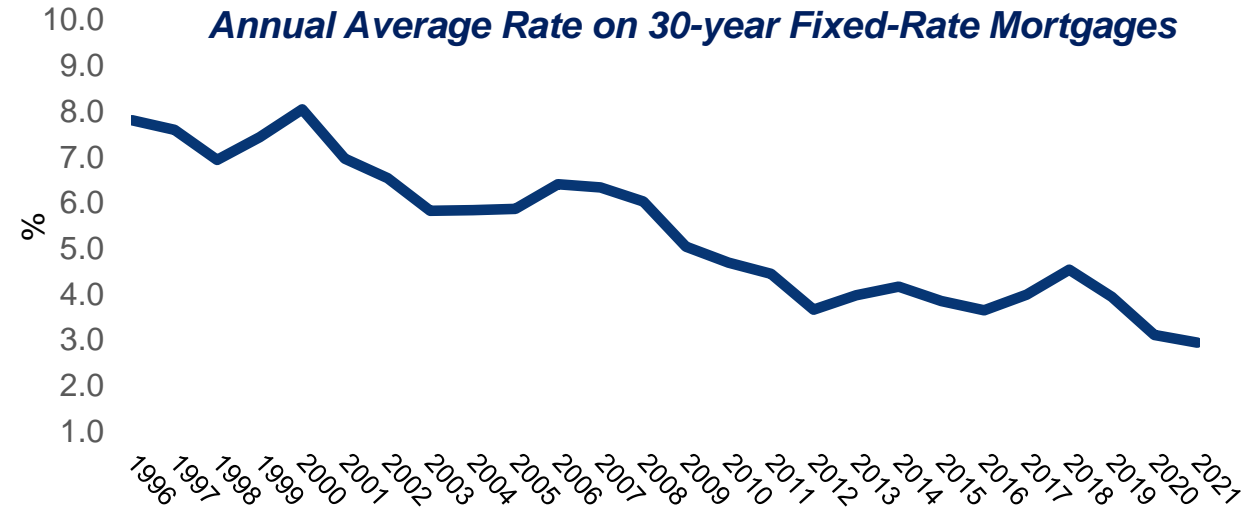
- Statements in this presentation and the schedules hereto that are not purely historical facts or that necessarily depend upon future events, including statements about expected market share gains, forecasted financial performance or other statements about anticipations, beliefs, expectations, hopes, 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 continuing COVID-19 pandemic, the Company's merger with BMC and other acquisitions, 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 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 August 5, 2021.

Benefitting From Favorable Industry Trends

Annual Average Rate on 30-year Fixed-Rate Mortgages

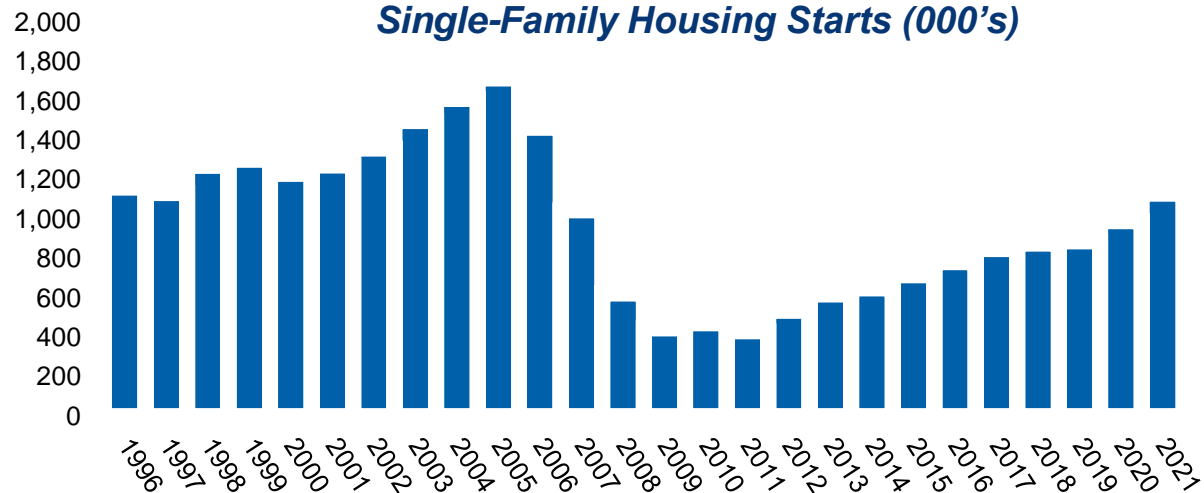


Market Trends Support Further Upside

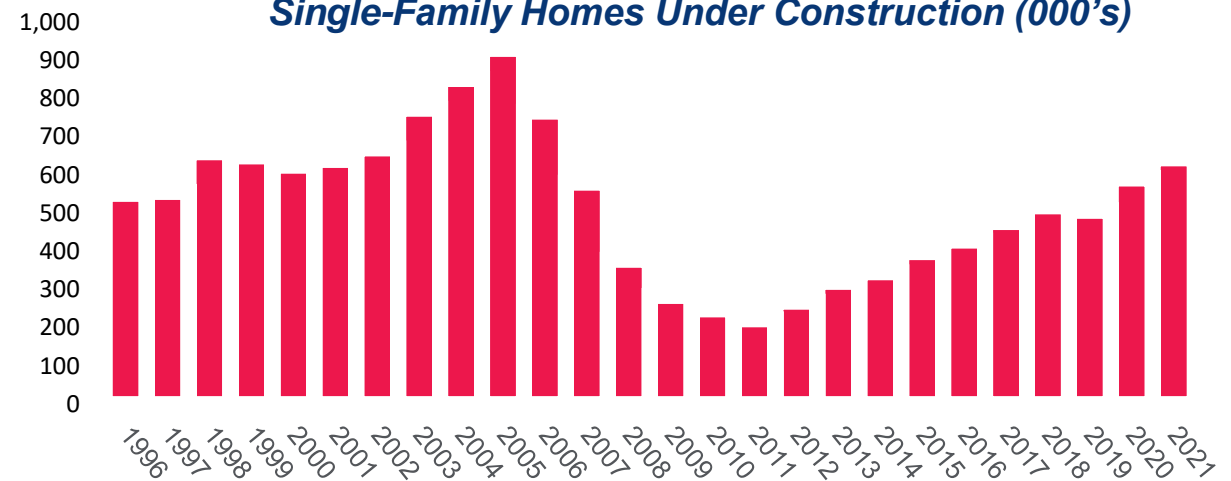
Mortgage rates remain near January 2021 record low

Single-family housing starts and homes under construction continue on robust upward trend

Single-Family Housing Starts (000's)



Single-Family Homes Under Construction (000's)



Highlights of Record Q2 2021 Results

Net sales \$5.6b
 +90.6% YoY
 (+35.3% Core Organic¹)

Gross Profit \$1.6b
 +105.4% YoY

**Adjusted
EBITDA** \$835.8m
 +231.6%
 15.0% Margin

Record Sales Performance

- Focused execution, accelerating demand, and increasing prices drove record results
- Improving housing starts, low mortgage rates and strong demand for single family living remain tailwinds for our products and services.

Operational Performance Drove Record Adjusted EBITDA and Adjusted EBITDA Margin

- Established partnerships with customers, ability to deliver value, and an emphasis on cost management produced higher profitability
- Disciplined pricing process continued to support margins during volatile market conditions
- BMC integration efforts and cost synergies ahead of schedule; delivered \$36 million through Q2 and estimating \$80 to \$100 million in 2021

Value-Added Focus Creating Long-Term Value

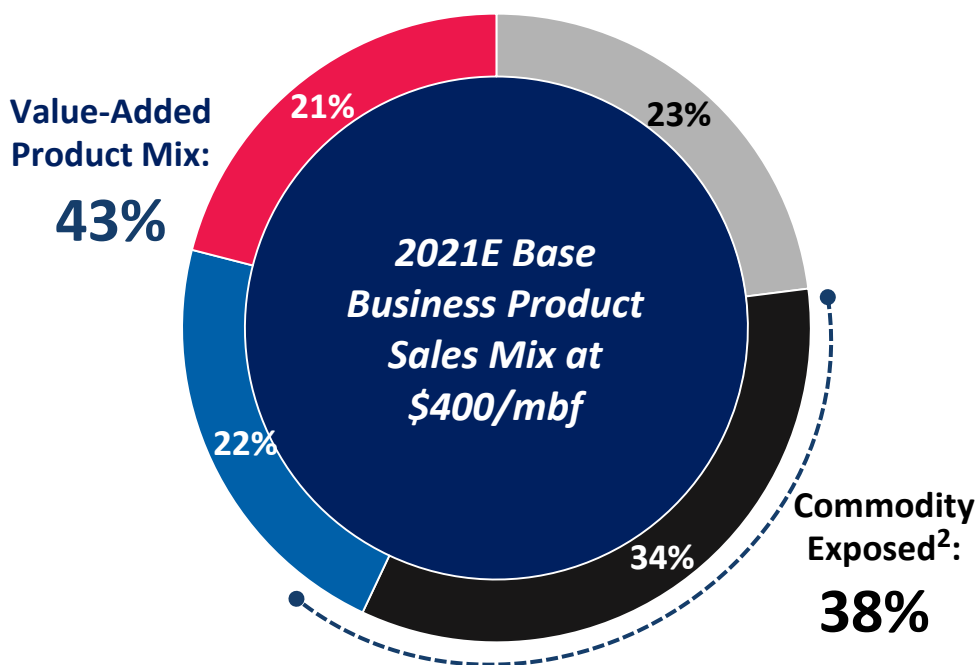
- Strength and scale of value-added offerings led by 58% growth in manufactured products
- Strategic acquisitions with heavy value-added product mix contributed 3.5% to net sales, supporting value-added products growth

¹Core Organic compares Q2 2021 to combined non-GAAP pro forma first quarter 2020, and excludes other acquisitions, commodity price fluctuations and differences in selling days between periods.

Expect to Deliver 10%+ Adjusted EBITDA Margin on 2021E Base Business¹

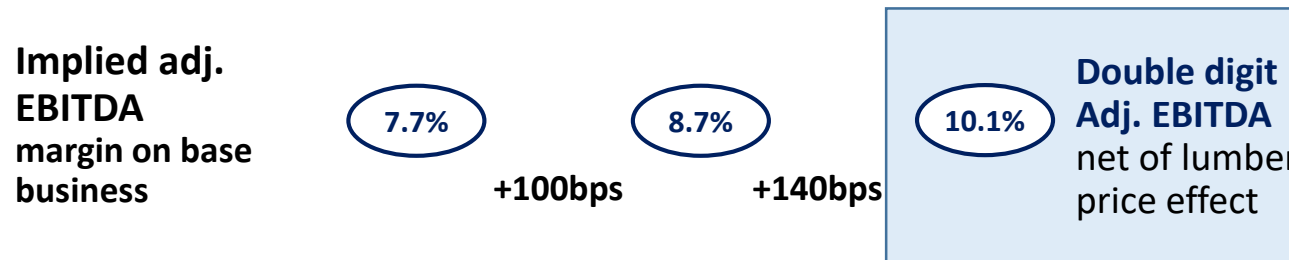
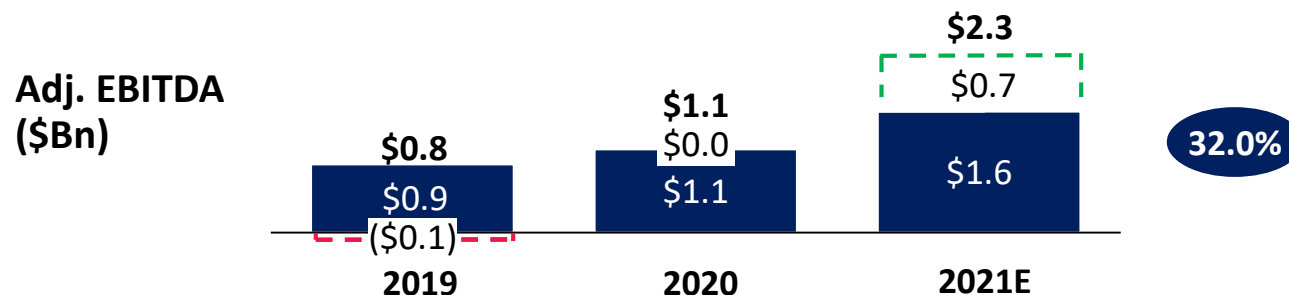
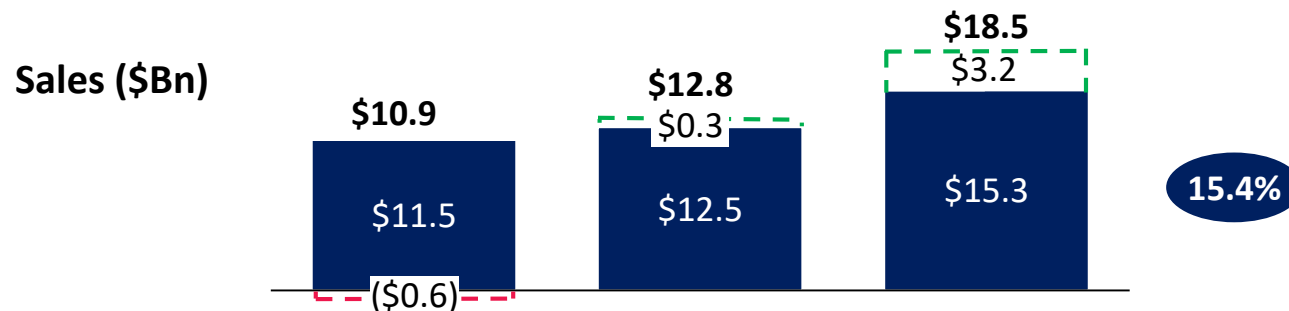
Over 60% of BFS's Base Business¹ is Non-Commodity...

- Windows, Doors & Millwork
- Lumber & Lumber Sheet Goods
- Manufactured Product²
- Specialized Products and Other



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

- Base business
- Commodity <=>\$400mbf
- 15.4% Base Business CAGR



1. This estimate assumes \$400/mbf lumber & sheet good pricing
2. Commodity exposure in manufactured products represents an estimated 4% of 2021E net sales mix at \$400/mbf

Alliance Acquisition Aligned with Growth Strategy

Transaction Announcement: May 2021 | Purchase Price: ~\$400 Million

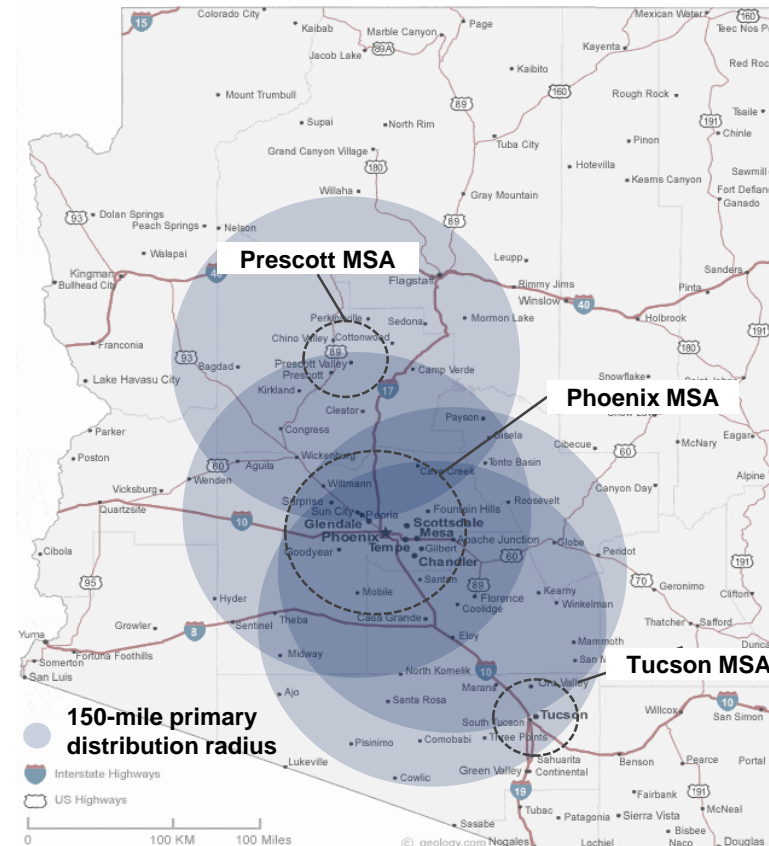
Geographic Footprint, Value-Added Offerings, and Market Leadership Create a Highly Strategic Fit for Builders FirstSource's Integrated Network

Alliance Acquisition Overview

- Largest supplier of building materials in Arizona; a market that BFS did not have a significant presence
- Experienced leadership team with ~500 dedicated employees across 9 operating locations

Strategic Rationale

- ✓ Strong economy and population trend fuels a long runway for housing growth in the market
- ✓ Strategically-located facilities enabling delivery throughout Arizona
- ✓ Personalized go-to-market approach to enhance the customer experience and enable cross selling across business units
- ✓ BFS value-added offerings expected to drive revenue synergies



#1 in Arizona with over 45% market share with the top home builders

#3 ranked single-family MSA; Fastest growing county in U.S.⁽¹⁾

Unparalleled delivery radius and dependability

Construction is Among Least Digitized Sectors

Industry Digitization Index										
Sector	Assets			Usage				Labor		
	Overall digitization ¹	Digital spending	Digital asset stock	Transactions	Interactions	Business processes	Market making	Digital spending on workers	Digital capital deepening	Digitization of work
ICT ²	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
Media	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
Professional services	Green	Green	Green	Orange	Green	Green	Green	Green	Green	Green
Finance and insurance	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
Wholesale trade	Green	Green	Green	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Advanced manufacturing	Green	Yellow	Green	Yellow	Yellow	Green	Green	Green	Yellow	Green
Oil and gas	Green	Orange	Red	Green	Red	Yellow	Red	Green	Green	Green
Utilities	Green	Orange	Green	Green	Yellow	Green	Green	Green	Green	Green
Chemicals and pharmaceuticals	Orange	Red	Yellow	Green	Yellow	Green	Red	Yellow	Green	Yellow
Basic goods manufacturing	Orange	Red	Yellow	Yellow	Orange	Green	Green	Yellow	Orange	Orange
Mining	Red	Red	Yellow	Green	Red	Orange	Red	Orange	Yellow	Red
Real estate	Yellow	Yellow	Red	Green	Red	Orange	Green	Green	Yellow	Yellow
Transportation and warehousing	Orange	Orange	Yellow	Yellow	Green	Yellow	Yellow	Orange	Orange	Orange
Education	Yellow	Green	Orange	Orange	Green	Red	Red	Yellow	Yellow	Yellow
Retail trade	Yellow	Green	Green	Orange	Green	Green	Green	Orange	Orange	Red
Entertainment and recreation	Red	Yellow	Red	Red	Yellow	Yellow	Yellow	Red	Red	Red
Personal and local services	Yellow	Green	Green	Orange	Green	Orange	Green	Orange	Orange	Yellow
Government	Yellow	Yellow	Yellow	Orange	Orange	Red	Orange	Yellow	Green	Yellow
Healthcare	Orange	Yellow	Orange	Red	Yellow	Orange	Yellow	Red	Red	Orange
Hospitality	Red	Orange	Red	Red	Green	Orange	Green	Red	Red	Red
Construction	Red	Orange	Red	Red	Red	Red	Red	Red	Red	Red
Agriculture and hunting	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red

Well-Positioned to Lead a Digital Transformation in Homebuilding



¹ McKinsey estimates
² Information & Communication Technology

Paradigm Acquisition¹ Bolsters Digital Capabilities

Transaction Announcement: June 2021 | Purchase Price: ~\$450 Million | Est. 2021 Revenue: \$50 Million

Strategic Rationale & Commentary

- Paradigm has proven capabilities and technology in digitizing Homebuilding
- BLDR can invest in Paradigm's technology to improve internal operational efficiency
- Combining the skills and capabilities of both teams will lead to increased market share, and a more efficient Homebuilding industry



The Company will pursue three key priorities with Paradigm:

- 1) Drive BFS productivity with Paradigm technology*
- 2) Utilize BFS platform to grow Paradigm adoption*
- 3) Expand use of Paradigm technology on behalf of BFS customers*



Key Pillars in Digital Strategy

Automated Take-Off



2D Plan Take-Off To 3D Revit Models



Millwork Configuration



Key Paradigm Capabilities



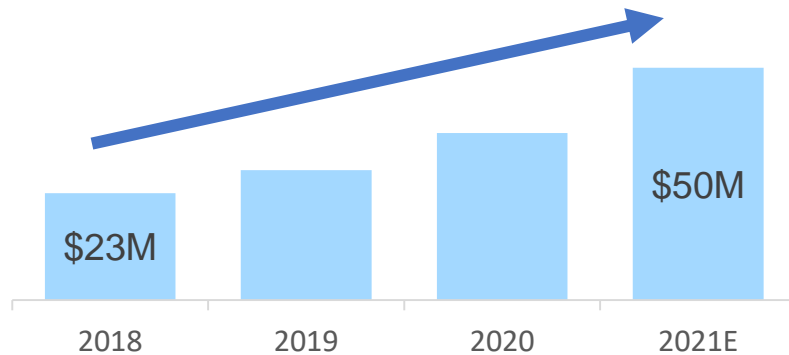
¹ The closing of the Paradigm acquisition remains subject to the satisfaction or waiver of certain customary conditions to closing.

Paradigm Business Overview

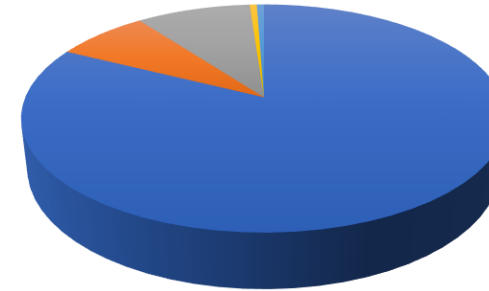
Digital Capabilities

- Software development and consulting services that help industry participants boost sales and become more efficient
- A simplified process for configuring, estimating, and manufacturing complex products with many options
- BFS ownership provides:
 - Incremental investment to speed development
 - Customer access that will accelerate adoption
 - Deep credibility with builders

A Growing Digital Platform



Software Revenue Mix & Positioning



■ Omni ■ Nexus ■ Estimate ■ Omni Builder ■ Vendo

- 2020 product launches:
 - Diversify revenue
 - Quickly gaining momentum
 - Target different segments with greater market size

Improved Homebuilding Process Utilizing Digital Tools

- Whole house configuration and take-offs provide real-time user feedback
- Creates opportunities for improved adoption and capture rates of value-add



Our Digital Platform will Fuel Long-Term Growth

Monetizing The Opportunity

- \$1B of revenue growth in the next 5 years
 - Increased Software Licensing revenue from enhanced sales channel
 - Improved internal and market efficiencies
 - Increased wallet share with existing customers
 - Quoting and Specification of value-add products
 - Ability to attract new customers

Stepping
Stone to
~\$1 Billion
Opportunity

Strategic Direction

- Homebuilding and the sourcing of material is going digital
 - \$120B of annual material spend
- Provide digital solutions that solve builder pain points
- BLDR will be a key player in emerging digitally supported homebuilder space

Our Operations & Internal Processes



- Estimating and design efficiency
- Automated order flow
- Less visits to each job site

Interaction With Our Vendors and Customers



- Improved stakeholder collaboration
- Accurate whole house take-offs
- New Home Builder tools for homebuyer engagement

Our Customer's Business



- Pre-construction time and cost savings
- Better control over the build process
- Reduced material and labor waste

Digital investment will deliver sustainable long-term Growth

Pursue Accretive Tuck-in M&A

500+ US Building Products Businesses Totaling ~\$80B in Sales Mapped

Geographic Scale

- Broaden product portfolio in target markets
- Deepen presence in existing service areas by expanding product portfolios

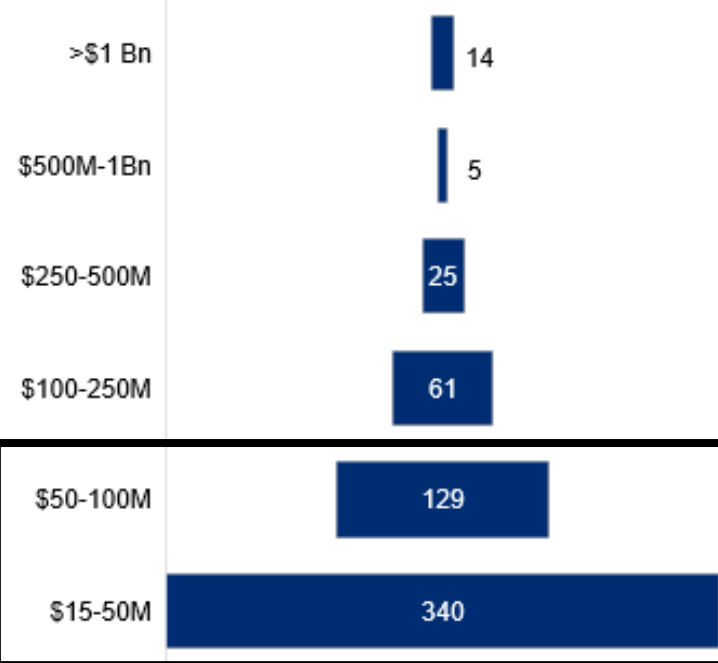
Value Add Products

- Enhance opportunities to partner with customers
- Increase higher margin value-added products mix

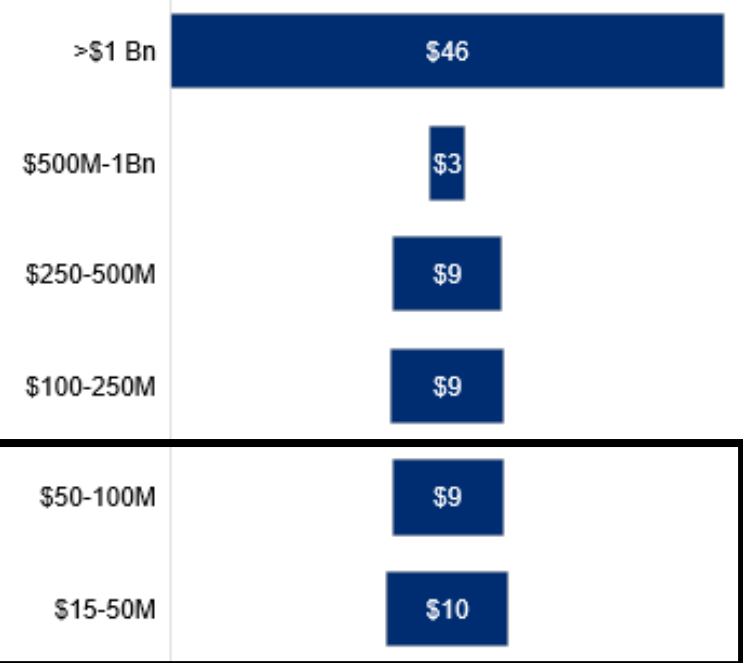
Technological Advancement

- Provide innovative solutions to build more efficiently and address labor constraints

Bldg Products Businesses Segmented By Annual Sales



Sales (\$Bn) of Bldg Products Businesses Segmented by Annual Sales



— Target acquisition criteria

Synergy Target One Year Ahead of Schedule

Major Milestones

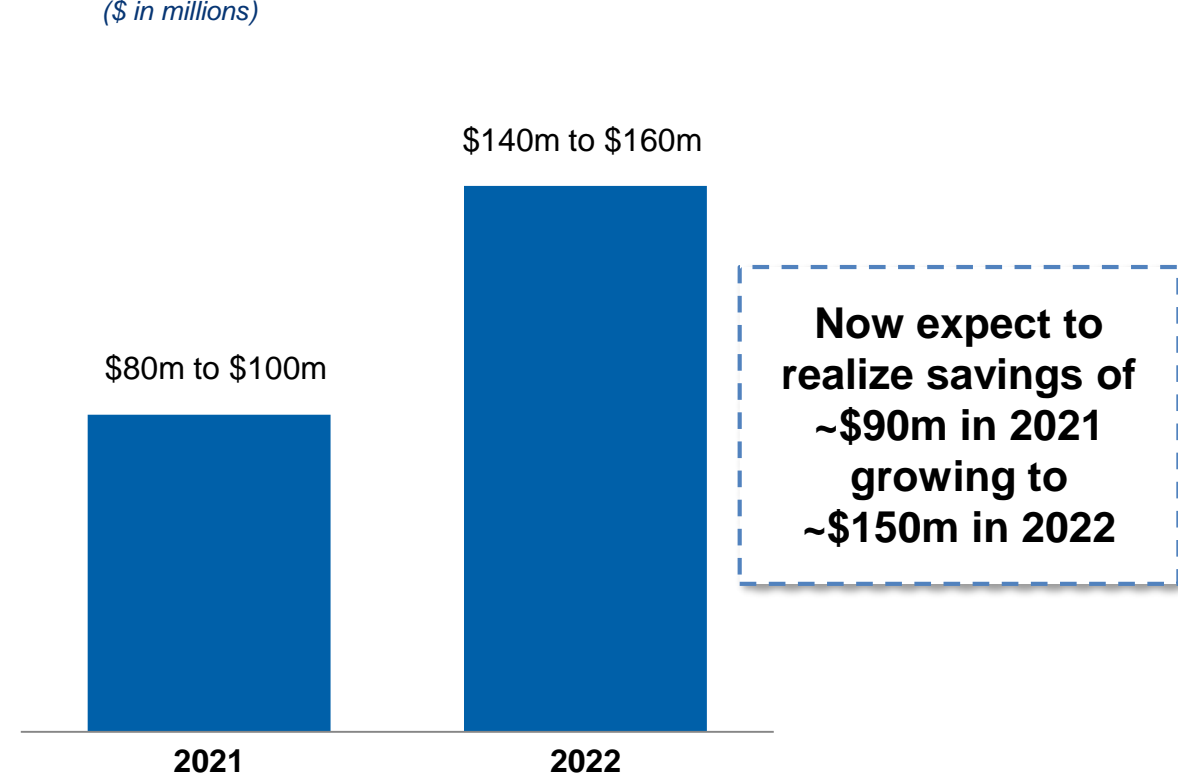
Focus On Customers And Employees

- Leadership changes finalized and turnover remains well managed and stable
- First Wave of ERP conversions successfully completed

Focus On Cost Synergies

- ~\$36 million of cost savings through Q2
- Realized run-rate savings of \$80m to \$100m for full year 2021
- Now expect realized cost savings of ~\$150m⁽¹⁾ through 2022, compared to initial expectations of \$130-\$150m through 2023

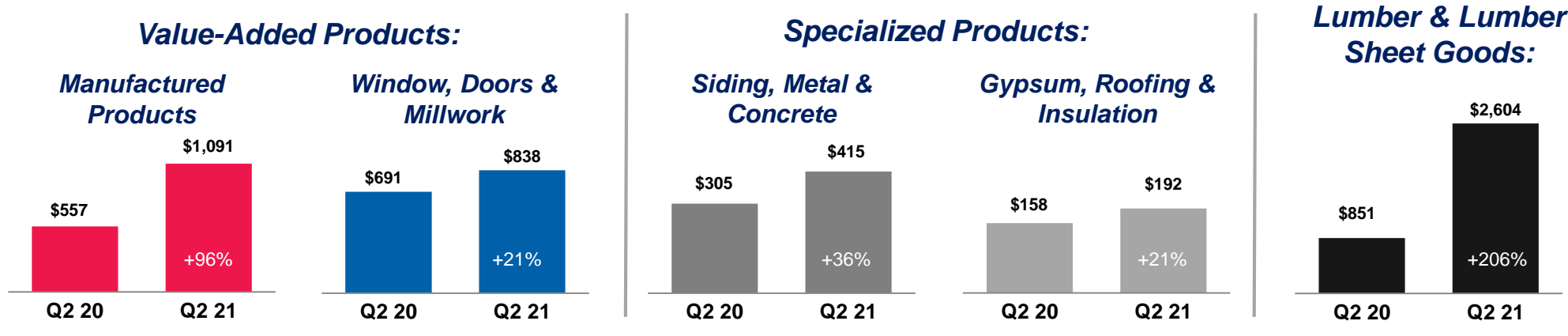
Estimated Run-Rate Cost Savings of ~\$150m⁽¹⁾
(\$ in millions)



Q2 2021 - Broad Strength Across Product Portfolio

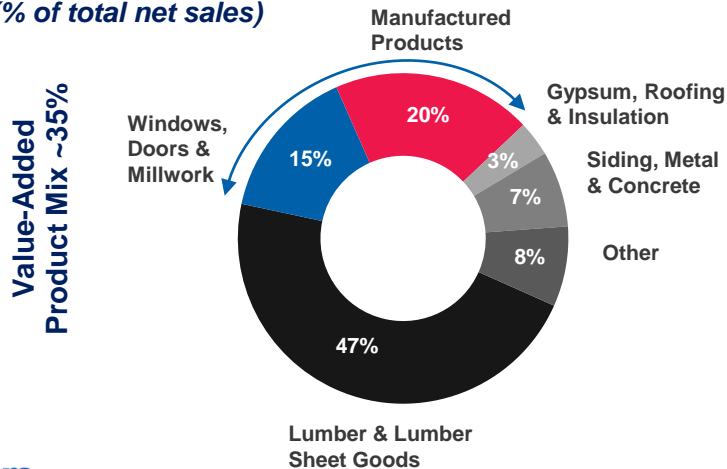
Net sales by product category (Q2 2021 compared to combined pro forma Q2 2020)

(\$M/ % change)



Net sales mix by product category

(% of total net sales)

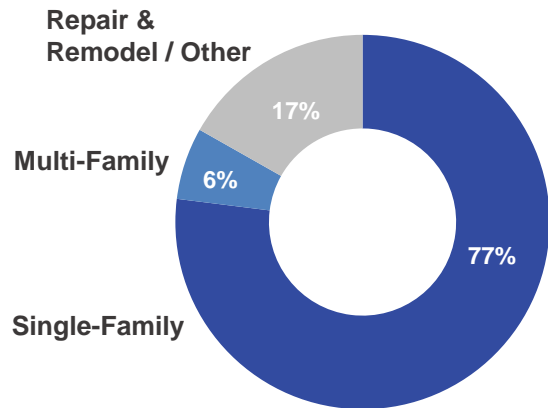
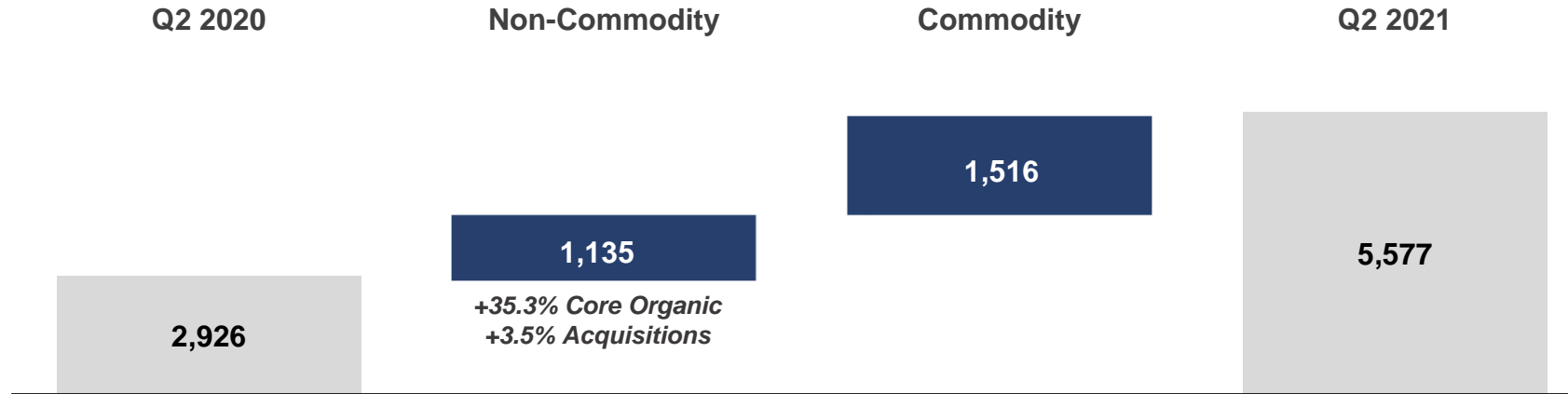


Value-added core organic¹ sales grew 35.4%

- 57.9% growth in Manufactured Products – Robust single family demand drove significant growth despite material availability constraints
- Solid windows, doors and millwork growth despite ongoing material availability challenges
- Off-site assembly and other innovative solutions continue to help customer's address labor challenges and jobsite productivity, fueling profitable growth

Q2 2021 Core Organic Sales Growth Across All End Markets coupled with High EBITDA Conversion rate of Sales

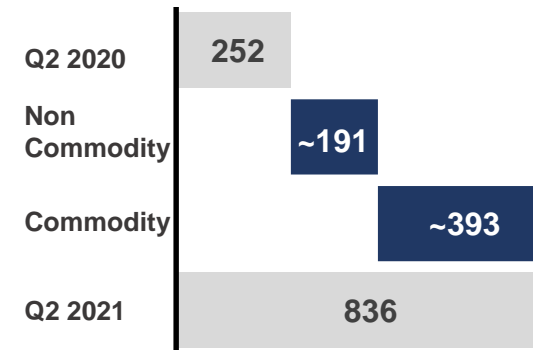
Net sales bridge² (Q2 2021 compared to combined pro forma Q2 2020)
(\$M)



Net sales mix by end market

Core organic¹ sales highlights:

- Single family: +44.1% on broad market recovery
- R&R / Other: +16.3% with strength in most parts of the country
- Multi family: +6.0% on the timing of projects started in prior periods⁴



Adjusted EBITDA bridge²
(\$M)

EBITDA highlights:

- Non commodity Adjusted EBITDA growth of ~75%
- Approximately 17% EBITDA Conversion, excluding commodity, demonstrates effective execution across the P&L
- Conversion rate of Commodity inflation demonstrates effective pricing in volatile environment



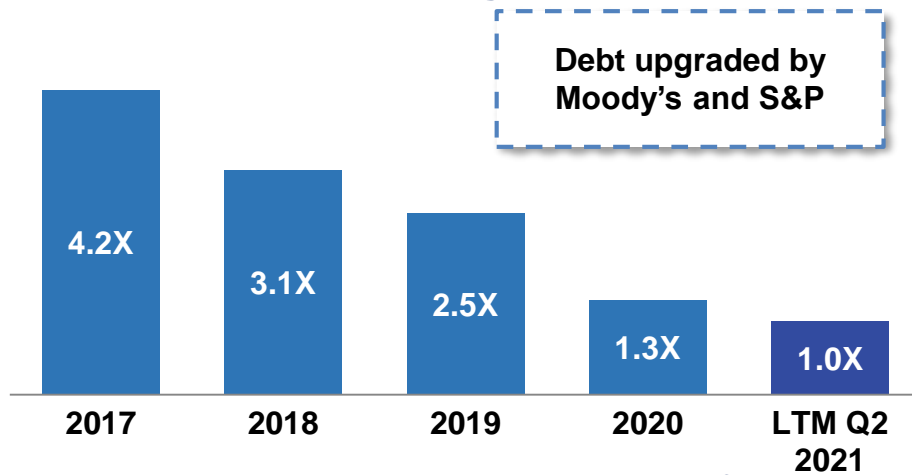
Sales mix: Q2 2021.

¹Core Organic compares Q2 2021 to combined non-GAAP pro forma Q2 2020 as though the merger with BMC was completed on January 1 2020, and excludes other acquisitions, commodity price fluctuations and differences in selling days between periods.

²Adjusted EBITDA non commodity versus commodity mix based on management estimates.

Strong Balance Sheet and Liquidity Provide Financial Flexibility

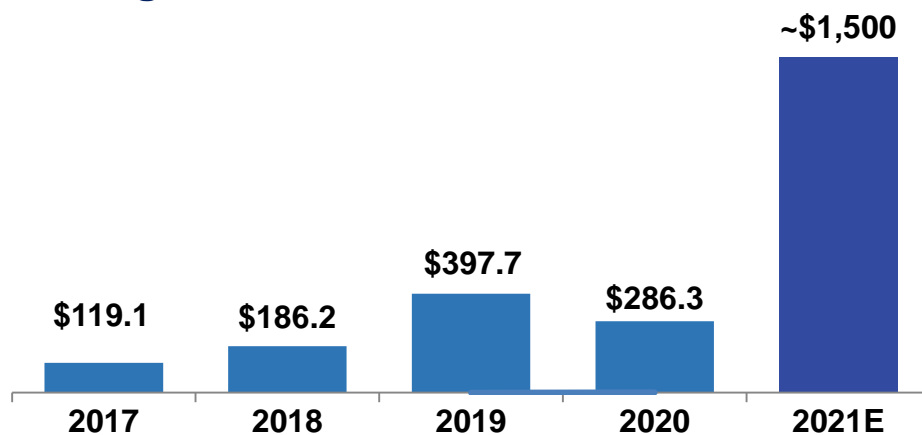
Pro Forma Net Leverage¹ Improvement



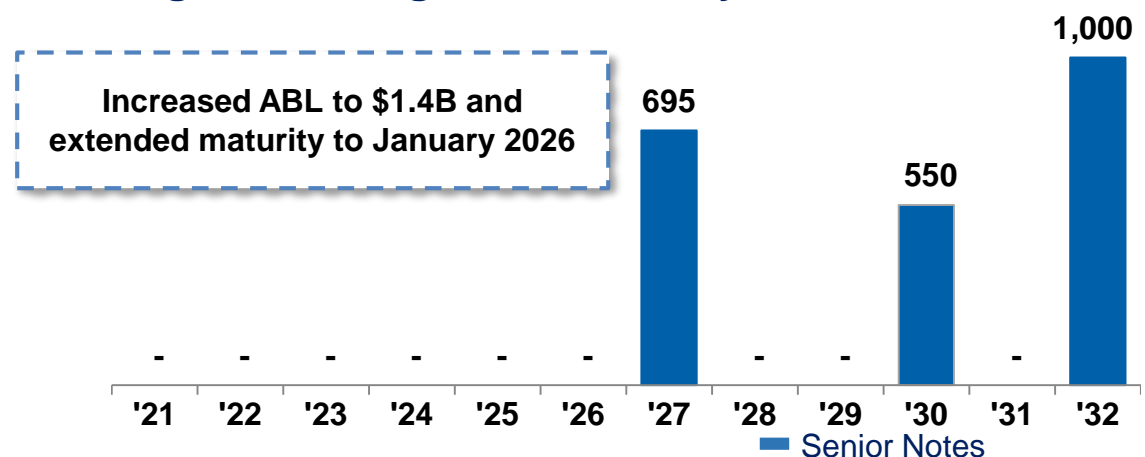
Balanced Capital Allocation Priorities

1. Maintain a strong balance sheet; July \$1 billion debt offering at 4 ¼%
2. Reinvest in our business to drive growth and productivity
3. Continue tuck-in M&A strategy
4. Return capital to shareholders

Strong Pro Forma Free Cash Flow²



Weighted Average Debt Maturity of ~10 Years³



¹Pro forma as of 12/31/2020, including net proceeds from April 2020 offering of \$350 million aggregate principal amount of senior notes due 2027.

Net Leverage calculated as principal value of debt and lease obligations less cash and cash equivalents divided by LTM Adj EBITDA.

²Net of PPE.

³Excludes finance leases and other finance obligations.

Raised 2021 Outlook

2021 Full Year Financial Expectations

Metrics	Current Guidance	Prior Guidance	2020 Pro Forma Baseline
Sales ¹ (YoY Growth)	\$18.0 to \$19.0 billion (+41% to +48%)	\$16.0 to \$17.0 billion (+25% to +33%)	\$12.8 billion
Adjusted EBITDA ² (YoY Growth)	\$2.2 to \$2.4 billion (+105% to +124%)	\$1.75 to \$1.85 billion (+64% to +73%)	\$1.1 billion
Base Business Sales ⁵	\$15.3 billion	N/A	\$12.5 billion
Base Business Adjusted EBITDA ⁵	\$1.6 billion	N/A	\$1.1 billion
Free Cash Flow	\$1.4 to \$1.6 billion	\$1.3 to \$1.5 billion	\$286 million
Capital Expenditures ³	\$200 million to \$220 million	1.4% to 1.6% of net sales	\$181 million
Interest expense	\$130 to \$140 million	\$110 to \$115 million	\$158 million
Effective tax rate	23.0% to 25.0%	23.0% to 25.0%	23.4%
Depreciation & amortization expense ⁴	\$525 to \$535 million	\$540 to \$550 million	\$198 million

2021 Full Year Assumptions

Metrics	Current Guidance	Prior Guidance	
Single family starts growth (BLDR geographies)	Up mid to high teens	Up low-double digits	
Multi-family starts growth (BLDR geographies)	Up high-single digits	Down high-single to low-double digits	
R&R starts growth (BLDR geographies)	Up low- to mid-single digits	Up low- to mid-single digits	
Commodity pricing impact (BLDR demand mix)	Up +18% to 28%	Up +10% to 20%	
Realized cost synergy savings (BMC integration)	\$80 to \$100 million	\$60 to \$70 million	



1. 2021 Sales include the following acquisitions: Bianchi & Company, Kansas Building Supply Company & TW Perry.

2. Adjusted EBITDA is a Non-GAAP financial measure. See the Non-GAAP (Adjusted) Financial Measures slide in this presentation for a definition thereof and a discussion of certain matters regarding non-GAAP guidance.

3. The 2021 capital expenditure expectation is net of proceeds from the sale of property, equipment and real estate.

4. Depreciation expense forecast includes depreciation accounted for within cost of sales.

5. Assumes a \$400/mbf commodity price for all periods and maintained for the full year

Differentiated Market Leader Positioned for Above Market Growth and Expanding Profitability



**Builders
FirstSource**

Leadership in a highly fragmented industry

Exceptional geographic, customer, and end market diversity

Strategic investment in value-added capacity, driving 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

Question & Answer



Session



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



Michael Neese
SVP, Investor Relations
Michael.Neese@bldr.com

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Base Business ¹ Sales and Adj. EBITDA projection by commodity price

Illustrative FY 2021E

	Sales (\$Bn)	AEBITDA (\$Bn)
\$400	\$14.5-16.1	\$1.5-1.6
\$500	\$16.1-17.7	\$1.7-1.9
\$600	\$17.5-19.3	\$2.0-2.2
\$700	\$18.9-20.9	\$2.2-2.4
\$800	\$20.3-22.5	\$2.5-2.7

\$/mbf

Assumptions:

- Provided a grid with various commodity cost assumptions and the corresponding profits if you assume static commodity prices. Please keep in mind that shorter term price fluctuations can result in materially different results than in a static commodity environment.
- Margin rates for each product category is maintained at each commodity price tier/sensitivity
- Total margin changes with commodity tier driven by sales mix changes
- Expenses associated with commodity price changes are included
- Includes Acquisitions and 2021 expectation of realized market participation
- Price at each tier is static for the full year
- Price tiers reflect BFS species/region composite
- Low/High ranges for sales set at +/- 5%

Reconciliations

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2021	2020	2021	2020
	(Unaudited)			
	(In thousands, except per share amounts)			
Net sales	\$ 5,576,682	\$ 1,945,643	\$ 9,750,457	\$ 3,732,664
Cost of sales	3,993,531	1,428,311	7,097,752	2,749,919
Gross margin	1,583,151	517,332	2,652,705	982,745
Selling, general and administrative expenses	902,913	388,077	1,724,511	792,543
Income from operations	680,238	129,255	928,194	190,202
Interest expense, net	27,795	26,812	59,639	78,743
Income before income taxes	652,443	102,443	868,555	111,459
Income tax expense	155,208	23,519	198,740	23,768
Net income	\$ 497,235	\$ 78,924	\$ 669,815	\$ 87,691
<i>Net income per share:</i>				
Basic	\$ 2.40	\$ 0.68	\$ 3.24	\$ 0.75
Diluted	\$ 2.39	\$ 0.67	\$ 3.21	\$ 0.75
<i>Weighted average common shares:</i>				
Basic	207,114	116,634	206,844	116,446
Diluted	208,318	117,547	208,470	117,520

Reconciliations

BUILDERS FIRSTSOURCE, INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED BALANCE SHEET

	June 30, 2021	December 31, 2020
	(Unaudited)	
	(In thousands, except per share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 90,266	\$ 423,806
Accounts receivable, less allowances of \$33,494 and \$17,637 at June 30, 2021 and December 31, 2020, respectively	2,174,674	880,018
Other receivables	137,304	76,436
Inventories, net	2,074,448	784,527
Other current assets	438,383	58,895
Total current assets	4,915,075	2,223,682
Property, plant and equipment, net	1,300,680	749,130
Operating lease right-of-use assets, net	429,940	274,562
Goodwill	2,535,360	785,305
Intangible assets, net	1,422,649	119,882
Other assets, net	22,390	21,110
Total assets	<u>\$ 10,626,094</u>	<u>\$ 4,173,671</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,318,446	\$ 600,357
Accrued liabilities	831,852	385,536
Current portion of operating lease liabilities	91,134	61,625
Current maturities of long-term debt	11,316	27,335
Total current liabilities	2,252,748	1,074,853
Noncurrent portion of operating lease liabilities	347,823	219,239
Long-term debt, net of current maturities, discounts and issuance costs	2,043,817	1,596,905
Deferred income taxes	362,061	49,495
Other long-term liabilities	137,190	80,396
Total liabilities	5,143,639	3,020,888
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, 300,000 shares authorized; 207,196 and 116,829 shares issued and outstanding at June 30, 2021 and December 31, 2020, respectively	2,072	1,168
Additional paid-in capital	4,248,194	589,241
Retained earnings	1,232,189	562,374
Total stockholders' equity	5,482,455	1,152,783
Total liabilities and stockholders' equity	<u>\$ 10,626,094</u>	<u>\$ 4,173,671</u>

Reconciliations

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

	Six Months Ended June 30,	
	2021	2020
	(Unaudited)	
	(In thousands)	
Cash flows from operating activities:		
Net income	\$ 669,815	\$ 87,691
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	261,553	57,875
Deferred income taxes	(32,753)	2,248
Stock-based compensation expense	18,867	6,720
Other non-cash adjustments	3,534	6,748
Changes in assets and liabilities, net of assets acquired and liabilities assumed:		
Receivables	(867,143)	(69,991)
Inventories	(840,283)	(53,685)
Other current assets	(53,672)	2,987
Other assets and liabilities	10,201	39,452
Accounts payable	448,527	108,152
Accrued liabilities	177,578	(18,311)
Net cash (used in) provided by operating activities	(203,776)	169,886
Cash flows from investing activities:		
Purchases of property, plant and equipment	(98,293)	(54,809)
Proceeds from sale of property, plant and equipment	9,321	1,451
Cash acquired in BMC Merger	167,490	—
Prepayments for acquisitions	(225,000)	—
Cash used for acquisitions	(24,833)	(15,893)
Net cash used in investing activities	(171,315)	(69,251)
Cash flows from financing activities:		
Borrowings under revolving credit facility	1,769,000	791,000
Repayments under revolving credit facility	(1,233,000)	(818,000)
Proceeds from long-term debt and other loans	—	895,625
Repayments of long-term debt and other loans	(470,330)	(557,964)
Payments of debt extinguishment costs	(2,475)	(22,686)
Payments of loan costs	(4,272)	(13,800)
Exercise of stock options	335	708
Repurchase of common stock	(17,707)	(4,153)
Net cash provided by financing activities	41,551	270,730
Net change in cash and cash equivalents	(333,540)	371,365
Cash and cash equivalents at beginning of period	423,806	14,096
Cash and cash equivalents at end of period	\$ 90,266	\$ 385,461

Reconciliations

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

	Three months ended June 30,		Six months ended June 30,		Twelve months ended June 30,
	2021	2020	2021	2020	2021
	(in millions)		(in millions)		
Reconciliation to Adjusted EBITDA:					
GAAP Net Income	\$ 497.2	\$ 78.9	\$ 669.8	\$ 87.7	\$ 895.7
Acquisition and Integration Expense	20.4	0.4	89.9	3.7	111.5
Debt issuance and refinancing cost ⁽¹⁾	-	-	4.6	28.0	5.9
Amortization expense	80.6	5.6	169.3	11.3	180.0
Tax-effect of adjustments to net income	(24.2)	(1.4)	(63.3)	(10.3)	(71.4)
Adjusted Net Income	574.0	83.5	870.3	120.4	1,121.7
Weighted average diluted common shares (in millions)	208.3	117.5	208.5	117.5	
Diluted adjusted net income per share:	\$ 2.76	\$ 0.71	\$ 4.17	\$ 1.02	
Reconciling items:					
Depreciation expense	46.6	22.8	92.3	46.6	140.2
Interest expense, net	27.8	26.8	55.0	50.7	110.7
Income tax expense	179.4	24.9	262.0	34.1	341.0
Stock compensation expense	8.0	3.5	12.6	6.7	22.9
Gain on sale and asset impairments	(0.3)	0.1	(1.7)	-	(4.9)
Other management-identified adjustments ⁽²⁾	0.3	0.3	0.5	0.4	0.7
Adjusted EBITDA	\$ 835.8	\$ 161.9	\$ 1,291.0	\$ 258.9	\$ 1,732.3
Adjusted EBITDA Margin	15.0%	8.3%	13.2%	6.9%	11.9%

(1) Costs associated with issuing and extinguishing long term debt in 2020 and 2021.

(2) Primarily relates to severance and other one time costs.

Reconciliations

BUILDERS FIRSTSOURCE, INC. AND SUBSIDIARIES

Financial Data (unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
	(in millions except share amounts)			
Net sales	5,576.7	1,945.6	9,750.5	3,732.7
Cost of sales	3,993.5	1,428.3	7,097.8	2,750.0
Gross margin	1,583.2	517.3	2,652.7	982.7
Gross margin %	28.4%	26.6%	27.2%	26.3%
Adjusted SG&A/Other (excluding depreciation and amortization) as a % of sales ⁽¹⁾	13.4%	18.3%	14.1%	19.4%
Adjusted EBITDA	835.8	161.9	1,291.0	258.9
Adjusted EBITDA margin %	15.0%	8.3%	13.2%	6.9%
Depreciation expense	(46.6)	(22.8)	(92.3)	(46.6)
Interest expense, net of debt issuance cost and refinancing	(27.8)	(26.8)	(55.0)	(50.7)
Income tax expense	(179.4)	(24.9)	(262.0)	(34.1)
Other adjustments	(8.0)	(3.9)	(11.4)	(7.1)
Adjusted Net Income	\$ 574.0	\$ 83.5	\$ 870.3	\$ 120.4
Basic adjusted net income per share:	\$ 2.77	\$ 0.72	\$ 4.21	\$ 1.03
Diluted adjusted net income per share:	\$ 2.76	\$ 0.71	\$ 4.17	\$ 1.02
Weighted average common shares (in millions)				
Basic	207.1	116.6	206.8	116.4
Diluted	208.3	117.5	208.5	117.5

(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.

Reconciliations

BUILDERS FIRSTSOURCE, INC. AND SUBSIDIARIES

Interest Reconciliation (unaudited)

	Three months ended June 30, 2021		Six months ended June 30, 2021	
	Interest Expense (in millions)	Net Debt Outstanding (in millions)	Interest Expense (in millions)	Net Debt Outstanding (in millions)
2030 Unsecured Notes @ 5.00%	\$ 6.9	\$ 550.0	\$ 13.8	\$ 550.0
2027 Secured Notes @ 6.75%	11.7	695.0	24.4	695.0
Revolving Credit Facility @ 2.80% Floating LIBOR	3.0	611.0	4.9	611.0
Amortization of debt issuance costs, discount and premium	0.9	-	1.6	-
Finance leases and other finance obligations	5.3	215.3	10.3	215.3
Debt issuance and refinancing cost	-	-	4.6	-
Cash	-	(90.3)	-	(90.3)
Total	\$ 27.8	\$ 1,981.0	\$ 59.6	\$ 1,981.0

	Three months ended June 30, 2021 (in millions)	Six months ended June 30, 2021 (in millions)
Free Cash Flow		
Operating activities	\$ (3.3)	\$ (203.8)
Less: Capital expenditures, net of proceeds	\$ (52.9)	\$ (89.0)
Free Cash Flow	\$ (56.2)	\$ (292.8)

Reconciliations

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

	Three months ended					Six months ended				
	2021		2020		% Change	2021		2020		% Change
	Net Sales	% of Net Sales	Net Sales	% of Net Sales		Net Sales	% of Net Sales	Net Sales	% of Net Sales	
Manufactured Products	\$ 1,091.4	19.6%	\$ 365.8	18.8%	198.4%	\$ 1,907.6	19.6%	\$ 720.2	19.3%	164.9%
Windows, Doors & Millwork	837.9	15.0%	404.0	20.8%	107.4%	\$ 1,556.5	16.0%	795.4	21.3%	95.7%
Value-Added Products	1,929.3	34.6%	769.8	39.6%	150.6%	3,464.1	35.6%	1,515.6	40.7%	128.6%
Gypsum, Roofing & Insulation	191.7	3.4%	125.8	6.5%	52.4%	338.2	3.5%	236.6	6.3%	42.9%
Siding, Metal & Concrete Products	414.9	7.4%	200.6	10.3%	106.8%	716.8	7.4%	369.5	9.9%	94.0%
Other	436.8	7.8%	227.3	11.6%	92.2%	898.9	9.1%	436.3	11.7%	106.0%
Specialized Products & Other	1,043.4	18.7%	553.7	28.4%	88.4%	1,953.9	20.0%	1,042.4	27.9%	87.4%
Lumber & Lumber Sheet Goods	\$ 2,604.0	46.7%	\$ 622.1	32.0%	318.6%	\$ 4,332.5	44.4%	\$ 1,174.7	31.5%	268.8%
Total net sales	\$ 5,576.7	100.0%	\$ 1,945.6	100.0%	186.6%	\$ 9,750.5	100.0%	\$ 3,732.7	100.0%	161.2%

Reconciliations

BUILDERS FIRSTSOURCE, INC. AND SUBSIDIARIES

Combined Financial Data

(unaudited)

(In millions)	Three months ended		Six months ended	
	June 30,		June 30,	
	2021	2020	2021	2020
		(Pro Forma)		(Pro Forma)
Net Sales	\$ 5,576.7	\$ 2,925.5	\$ 9,750.5	\$ 5,633.4
Gross Margin	1,583.2	770.8	2,652.7	1,473.8
Gross Margin %	28.4%	26.3%	27.2%	26.2%
Net Income	497.2	122.5	669.8	153.3
Adjusted EBITDA	835.8	252.0	1,291.0	410.7
Adjusted Net Income	574.0	132.2	870.3	197.3