



Q3 2021 Earnings Presentation

November 4, 2021

Dave Flitman, CEO | Peter Jackson, CFO

BLDR.com



Safe Harbor & Non-GAAP Financial Measures

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- 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 November 4, 2021.

Highlights of Record Q3 2021 Results

Net sales \$5.5b
 +62.7% YoY
 (+16.1% Core Organic¹)

Gross Profit \$1.7b
 +102.9% YoY

**Adjusted
EBITDA** \$975.9m
 +244.4% YoY
 17.7% Margin

Record Sales Performance

- Focused execution, core growth, and disciplined pricing drove record results
- 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 and suppliers, 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 in Q3 and \$74 million through the first nine months and estimating \$90 to \$110 million in 2021

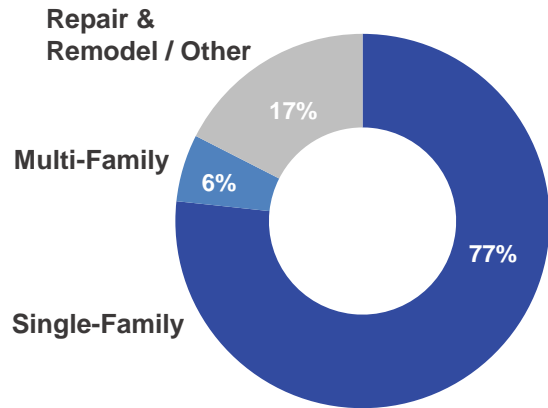
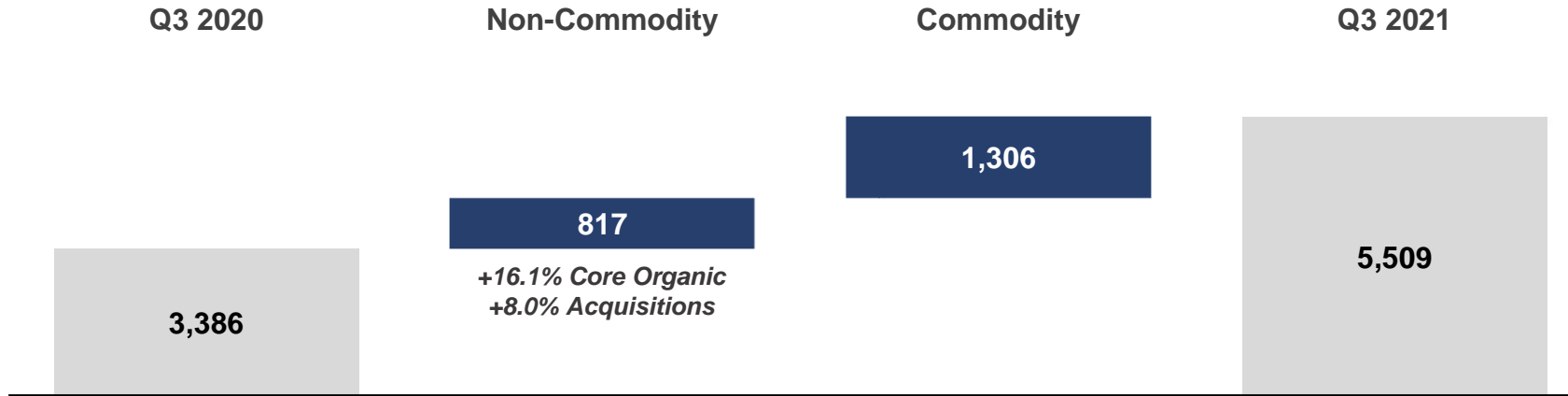
Value-Added Focus Creating Long-Term Value

- Strength and scale of value-added offerings led by 44.6% growth in manufactured products
- Strategic acquisitions with heavy value-added product mix contributed 8% 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.

Q3 2021 Core Organic

Net sales bridge² (Q3 2021 compared to combined pro forma Q3 2020) (\$M)



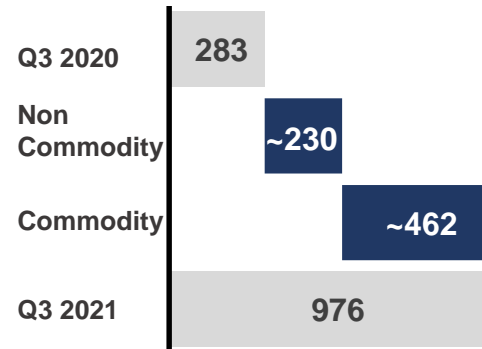
Net sales mix by end market

Core organic¹ sales highlights:

- Single family: +27.5% on strength across our entire footprint
- R&R / Other: -16.4% as increased commodity costs constrained R&R projects
- Multi family: -2.0% on the timing of projects

EBITDA highlights:

- Non commodity Adjusted EBITDA growth of ~80%
- Approximately 28% EBITDA Conversion, excluding commodity, demonstrates effective execution across the P&L
- Conversion rate of Commodity inflation demonstrates timely sourcing and effective pricing in volatile environment



Adjusted EBITDA bridge² (\$M)



Sales mix: Q3 2021.

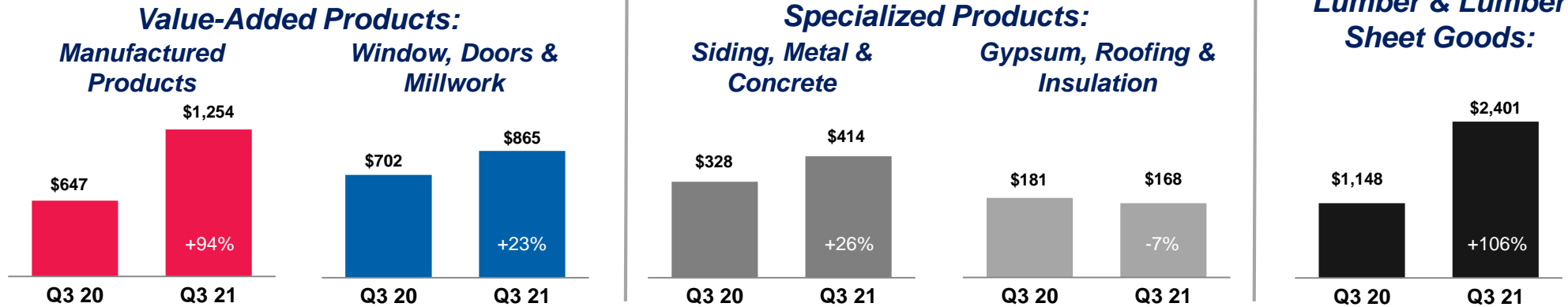
¹Core Organic compares Q3 2021 to combined non-GAAP pro forma Q3 2020 as though the merger with BMC was completed on January 1 2020, and excludes other acquisitions, commodity price fluctuations and differences in selling days between periods.

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

Q3 2021 - Broad Strength Across Product Portfolio

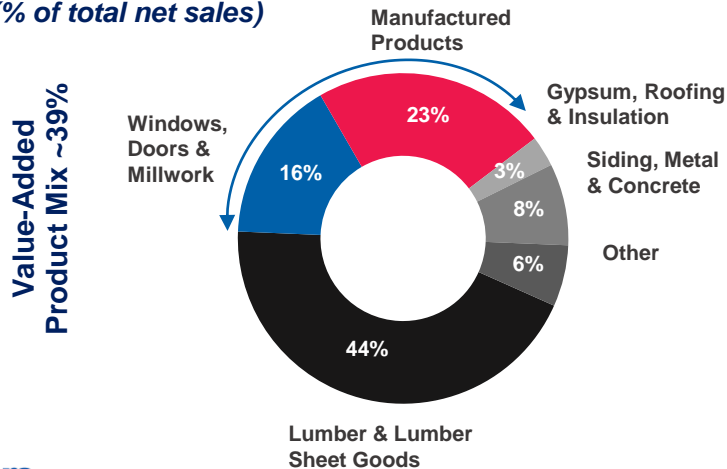
Net sales by product category (Q3 2021 compared to combined pro forma Q3 2020)

(\$M/ % change)



Net sales mix by product category

(% of total net sales)



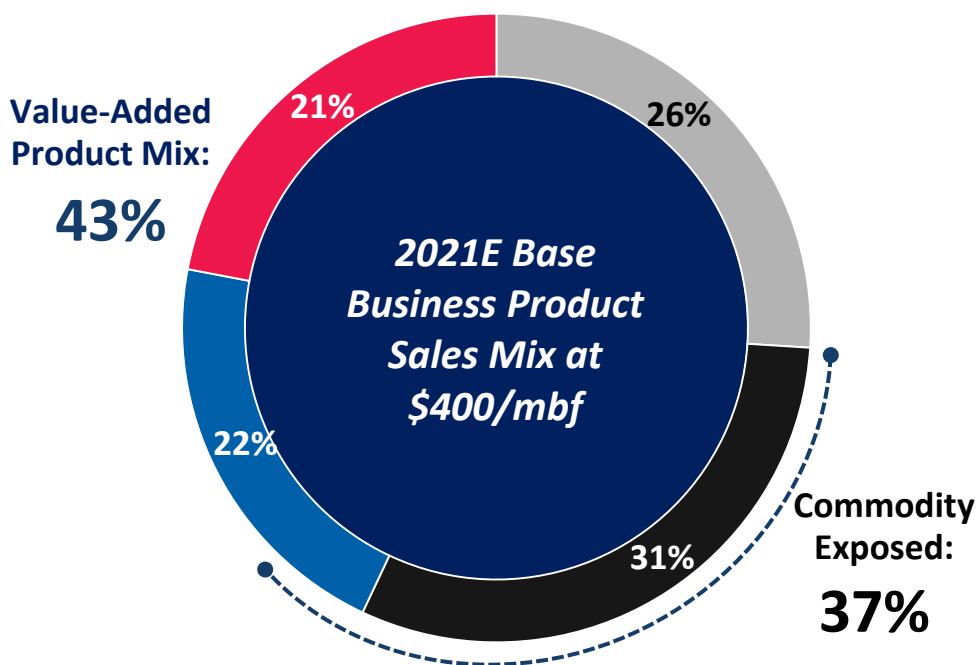
Value-added core organic¹ sales grew 16.1%

- 44.6% growth in Manufactured Products – Well-positioned facilities with flexibility capacity allowed us to respond to market demands
- Accelerated growth in 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

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

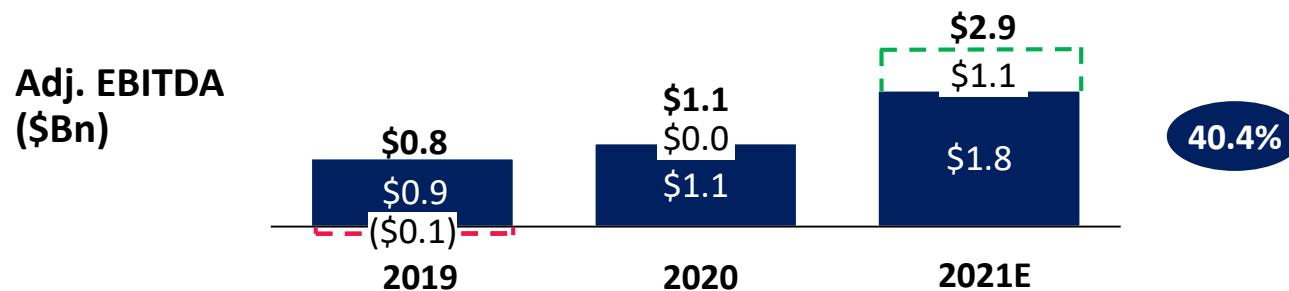
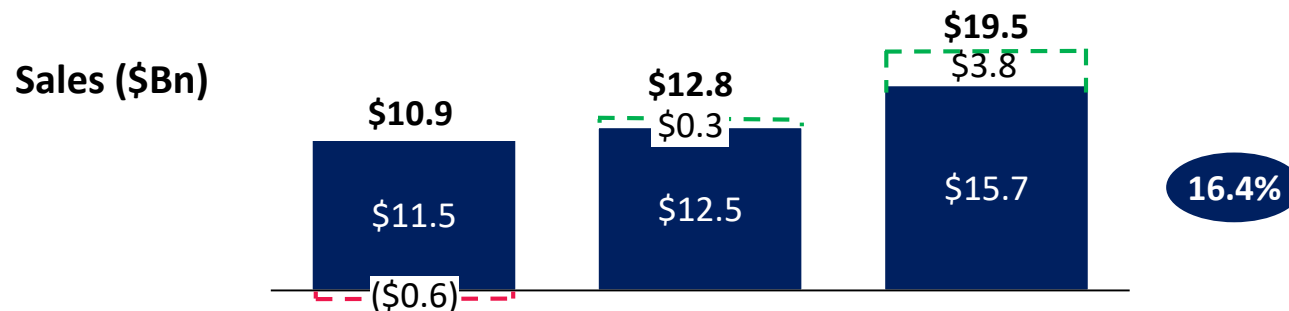
Over 60% of BFS's Base Business¹ is Non-Commodity...

- 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
- 16.4% Base Business CAGR



Implied adj. EBITDA margin on base business








Double digit Adj. EBITDA net of lumber price effect



1. This estimate assumes \$400/mbf lumber & sheet good pricing
 2. Commodity exposure in manufactured products represents an estimated 6% of 2021E net sales mix at \$400/mbf

Continued M&A in 2021

- Successfully completed value-enhancing acquisitions in 2021
- Consistently target additive products, services, geographies and technologies
- Demonstrated ability to successfully integrate, cross-sell and create operating synergies
- Acquisition pipeline remains very robust and continues to build
- Strong balance sheet and ample liquidity to execute M&A strategy

Recent Acquisitions			
Acquisition	Annual Sales	Date	Rationale
 KATERRA APOLLO	N/A	FY21 Q3	<ul style="list-style-type: none"> • Provides technology enhancing workflow, construction budgeting and scheduling, and field task assignments • Aligns with BFS digital strategy to address inefficiencies in the home building process
 CTF California TrusFrame	\$143M	FY21 Q3	<ul style="list-style-type: none"> • Largest independent producer of value-added building products in California • Adds substantial and profitable scale to value-added components business in California
 PARADIGM	\$50M	FY21 Q3	<ul style="list-style-type: none"> • Software solutions and services provider for the building products industry • Acquisition is an important step forward in BFS strategy to invest in innovative digital solutions
 Cornerstone ALLIANCE	\$330M	FY21 Q3	<ul style="list-style-type: none"> • Largest supplier of building materials in the high-growth Arizona market • Experienced leadership team with ~500 dedicated employees across 9 operating locations
 JOHN'S LUMBER <small>WE'RE MORE THAN LUMBER!</small>	\$49M	FY21 Q2	<ul style="list-style-type: none"> • Leading supplier of building products and services to homebuilders, remodel contractors and consumers • Acquisition benefits 14 locations throughout Michigan while allowing for value-added product expansion

Cal Truss Acquisition Strengthens West Coast Presence

Transaction Announcement: September 2021 | Purchase Price: ~\$179.5 Million

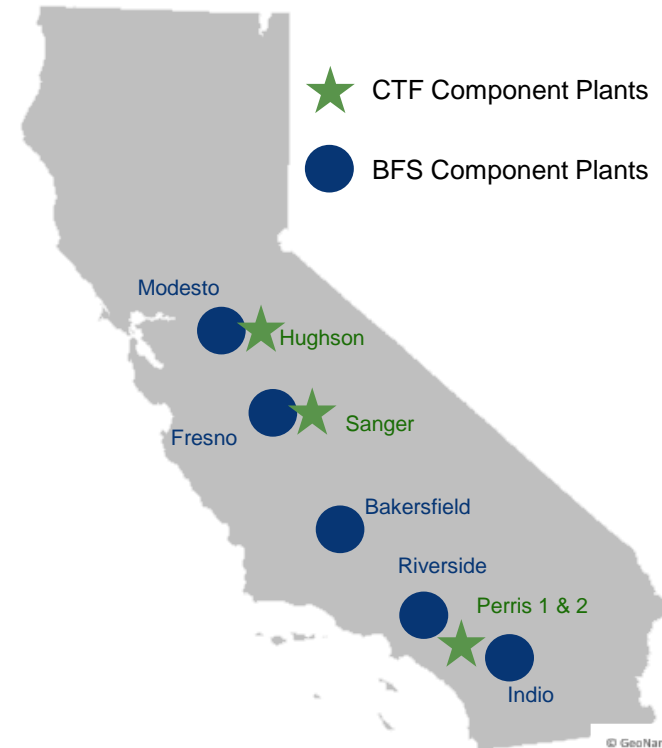
A Well-Positioned Independent Component Manufacturer

Cal Truss Acquisition Overview

- At the time of the acquisition, the largest independent producer of value-added building products in California
- Adds substantial and profitable scale to value-added components business in both Northern and Southern California

Strategic Rationale

- ✓ Key independent truss manufacturer in California, the largest aggregated housing market in the USA
- ✓ Adds highly-profitable, value-add products to our business portfolio
- ✓ Provides access to new customers for continued growth
- ✓ Experienced and capable management team that will remain with BFS following the transaction close
- ✓ Available equipment capacity to support substantial production increases if sufficient labor can be provided



California's largest independent truss manufacturer

Opportunity to rapidly expand in fragmented California region

~900 customers; 80% of sales to framers and 20% to home builders

Pursue Accretive Tuck-in M&A

500+ US Building Products Businesses Totaling ~\$80B in Sales¹ Mapped

Geographic Scale

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

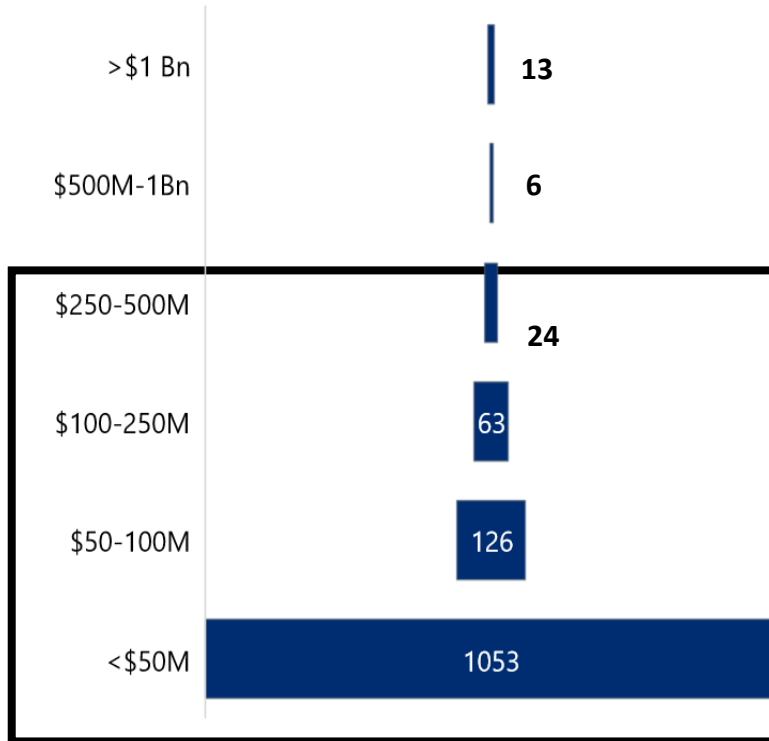
Value Add Products

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

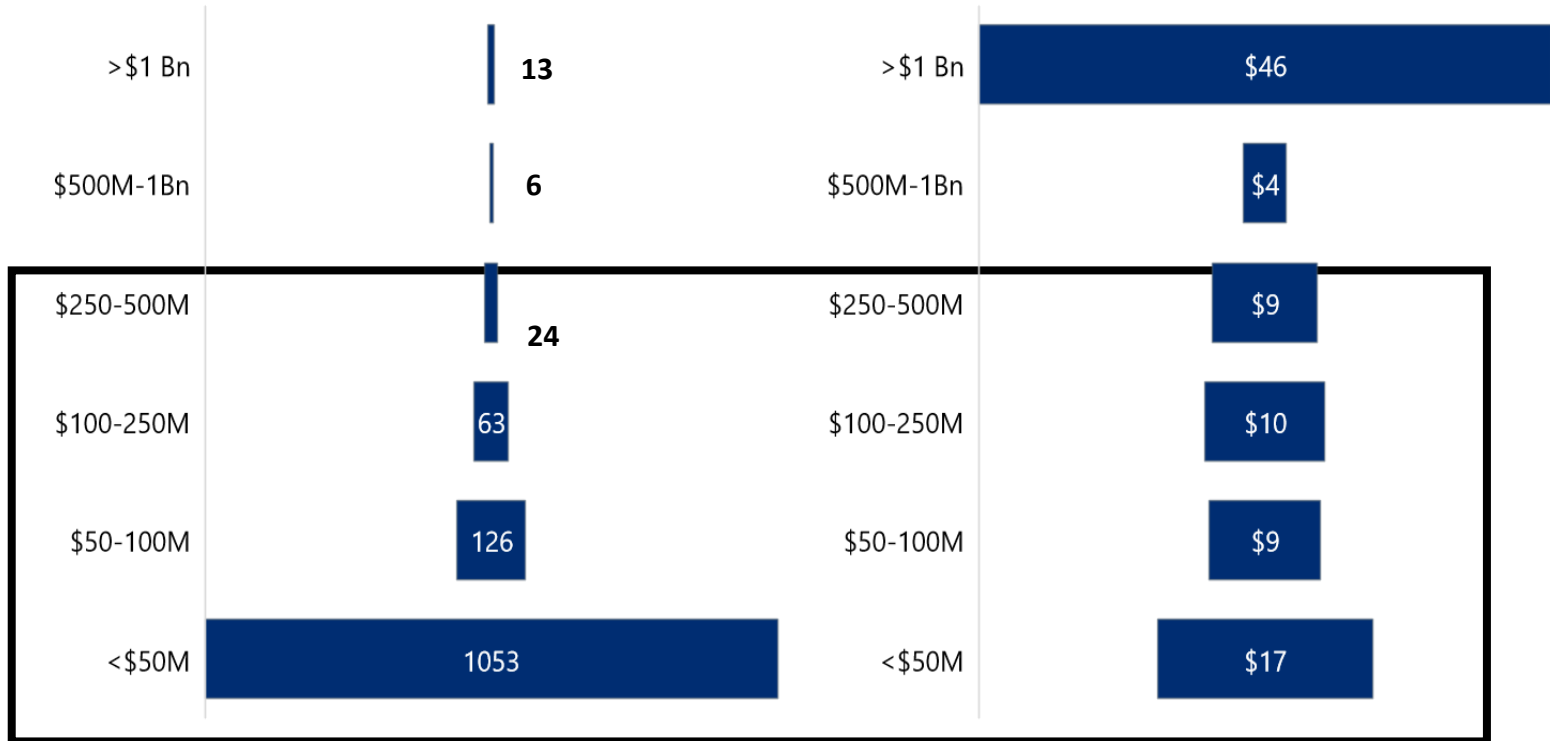
Technological Advancement

- 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

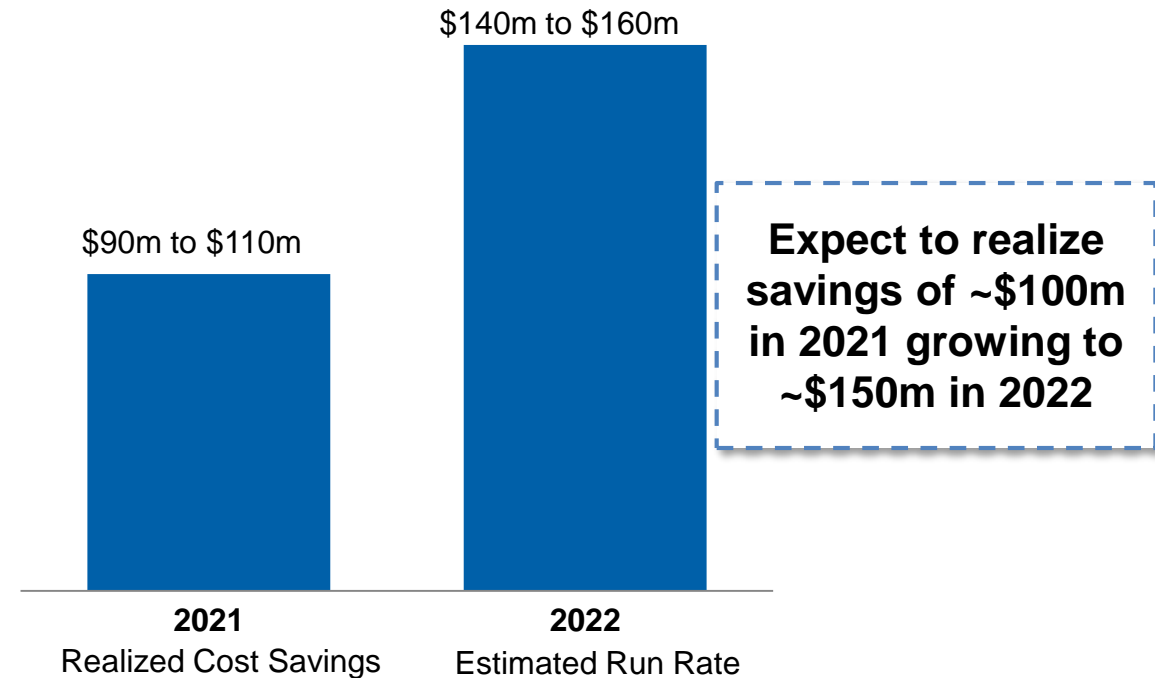
- Second Wave of ERP conversions initiated
- Completed 24 ERP conversions successfully to date

Focus On Cost Synergies

- ~\$36 million of cost savings in Q3 and \$74 million YTD
- Realized savings of \$90m to \$110m for full year 2021
- Expect run rate cost savings of ~\$150m⁽¹⁾ through 2022

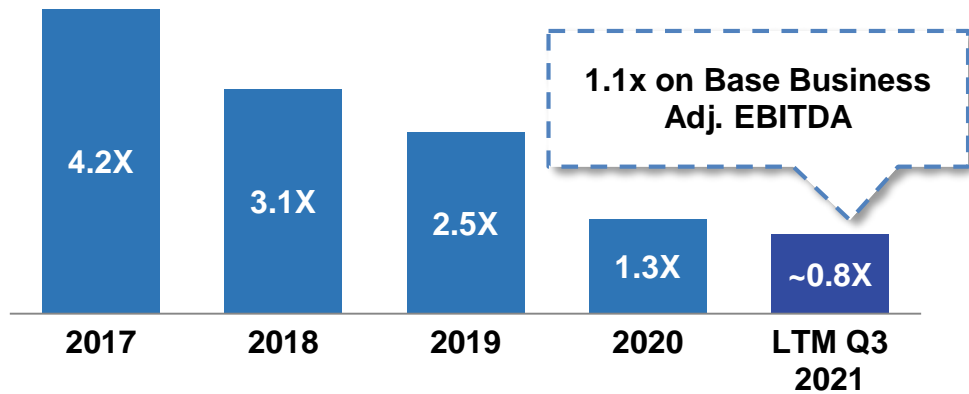
Estimated Cost Savings⁽¹⁾

(\$ in millions)



Strong Balance Sheet and Liquidity Provide Financial Flexibility

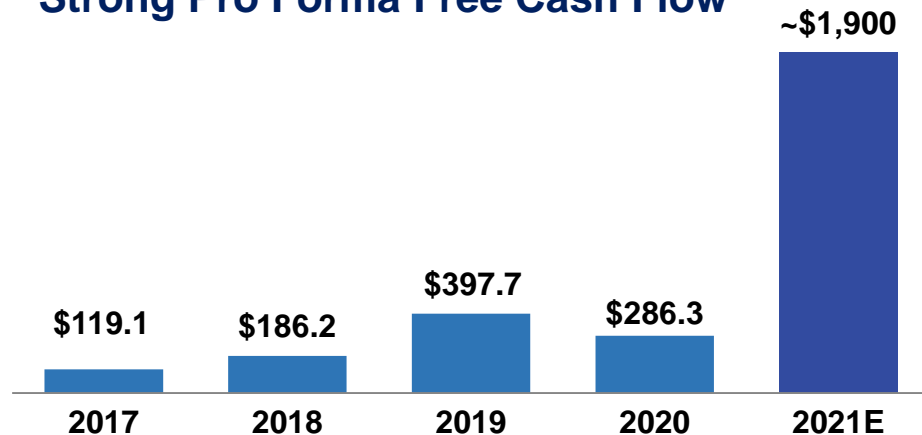
Pro Forma Net Leverage¹ Improvement



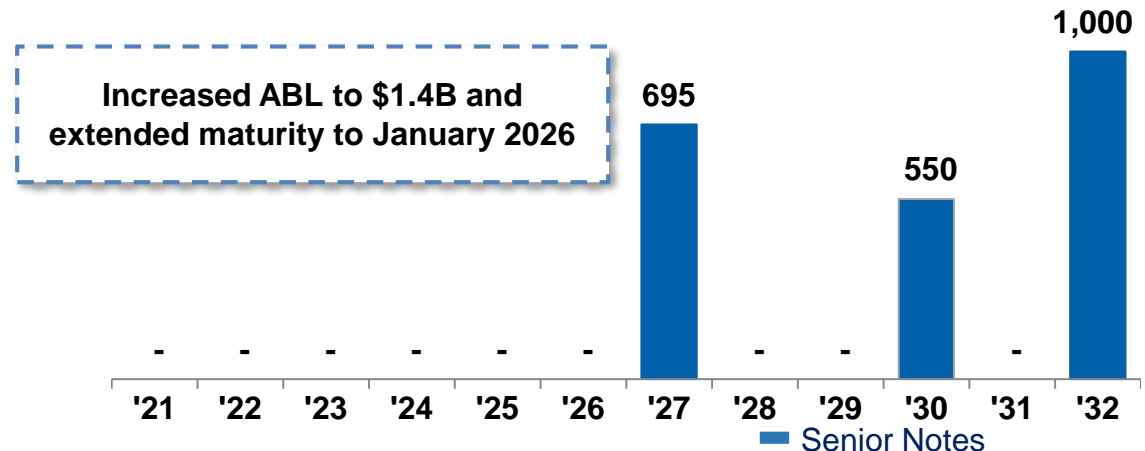
Balanced Capital Allocation Priorities

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 ~8 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.

² Net of PPE.

³Excludes finance leases and other finance obligations

⁴2027 bonds are callable in June 2022

Raised 2021 Outlook

2021 Full Year Financial Expectations

Metrics	Current Guidance	Prior Guidance	2020 Pro Forma Baseline
Sales ¹ (YoY Growth)	\$19.3 to \$19.8 billion (+51% to +55%)	\$18.0 to \$19.0 billion (+41% to +48%)	\$12.8 billion
Adjusted EBITDA ² (YoY Growth)	\$2.85 to \$2.95 billion (+166% to +176%)	\$2.2 to \$2.4 billion (+105% to +124%)	\$1.1 billion
Base Business Sales ⁵	\$15.7 billion	\$15.3 billion	\$12.5 billion
Base Business Adjusted EBITDA ⁵	\$1.8 billion	\$1.6 billion	\$1.1 billion
Free Cash Flow	\$1.8 to \$2.0 billion	\$1.4 to \$1.6 billion	\$286 million
Capital Expenditures ³	\$200 million to \$220 million	\$200 million to \$220 million	\$181 million
Interest expense	\$130 to \$140 million	\$130 to \$140 million	\$158 million
Effective tax rate	23.0% to 25.0%	23.0% to 25.0%	23.4%
Depreciation & amortization expense ⁴	\$555 to \$565 million	\$525 to \$535 million	\$198 million

2021 Full Year Assumptions

Metrics	Current Guidance	Prior Guidance	
Single family starts growth (BLDR geographies)	Up mid teens	Up mid to high teens	
Multi-family starts growth (BLDR geographies)	Up high-single digits	Up high-single digits	
R&R starts growth (BLDR geographies)	Up low-single digits	Up low- to mid-single digits	
Commodity pricing impact (BLDR demand mix)	Up +25% to 29%	Up +18% to 28%	
Realized cost synergy savings (BMC integration)	\$90 to \$110 million	\$80 to \$100 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

214-765-3804

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

Illustrative FY 2021E

	Sales (\$Bn)	AEBITDA (\$Bn)
\$400	\$14.8-16.4	\$1.7-1.8
\$500	\$16.2-17.9	\$1.9-2.1
\$600	\$17.6-19.4	\$2.2-2.4
\$700	\$18.9-20.9	\$2.4-2.7
\$800	\$20.2-22.4	\$2.6-2.9

\$/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
(unaudited)

(in thousands, except per share amounts)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net sales	\$ 5,508,590	\$ 2,295,450	\$ 15,259,047	\$ 6,028,114
Cost of sales	3,796,138	1,724,799	10,893,890	4,474,718
Gross margin	1,712,452	570,651	4,365,157	1,553,396
Selling, general and administrative expenses	875,012	430,893	2,599,523	1,223,436
Income from operations	837,440	139,758	1,765,634	329,960
Interest expense, net	35,954	28,043	95,593	106,786
Income before income taxes	801,486	111,715	1,670,041	223,174
Income tax expense	188,341	25,783	387,081	49,551
Net income	<u>\$ 613,145</u>	<u>\$ 85,932</u>	<u>\$ 1,282,960</u>	<u>\$ 173,623</u>
<i>Net income per share:</i>				
Basic	<u>\$ 3.00</u>	<u>\$ 0.74</u>	<u>\$ 6.23</u>	<u>\$ 1.49</u>
Diluted	<u>\$ 2.98</u>	<u>\$ 0.73</u>	<u>\$ 6.18</u>	<u>\$ 1.48</u>
<i>Weighted average common shares:</i>				
Basic	<u>204,268</u>	<u>116,731</u>	<u>205,976</u>	<u>116,542</u>
Diluted	<u>205,630</u>	<u>118,026</u>	<u>207,513</u>	<u>117,690</u>

Reconciliations

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

(in thousands)	Nine Months Ended September 30,	
	2021	2020
Cash flows from operating activities:		
Net income	\$ 1,282,960	\$ 173,623
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	401,500	87,298
Deferred income taxes	(65,696)	3,155
Stock-based compensation expense	25,288	12,098
Net gain on sale of assets	(32,235)	(1,413)
Other non-cash adjustments	4,805	7,884
Changes in assets and liabilities, net of assets acquired and liabilities assumed:		
Receivables	(756,511)	(230,627)
Inventories	(321,068)	(189,692)
Other current assets	5,491	(5,076)
Other assets and liabilities	16,653	60,439
Accounts payable	103,006	205,570
Accrued liabilities	239,024	31,887
Net cash provided by operating activities	<u>903,217</u>	<u>155,146</u>
Cash flows from investing activities:		
Cash used for acquisitions, net of cash acquired	(898,113)	(15,893)
Proceeds from divestiture of business	76,162	—
Purchases of property, plant and equipment	(160,179)	(83,508)
Proceeds from sale of property, plant and equipment	11,728	3,298
Net cash used in investing activities	<u>(970,402)</u>	<u>(96,103)</u>
Cash flows from financing activities:		
Borrowings under revolving credit facility	2,420,000	791,000
Repayments under revolving credit facility	(2,495,000)	(818,000)
Proceeds from long-term debt and other loans	1,000,000	895,625
Repayments of long-term debt and other loans	(471,360)	(561,541)
Payments of debt extinguishment costs	(2,475)	(22,686)
Payments of loan costs	(17,970)	(13,800)
Exercise of stock options	537	1,343
Repurchase of common stock	(565,618)	(4,153)
Net cash (used in) provided by financing activities	<u>(131,886)</u>	<u>267,788</u>
Net change in cash and cash equivalents	(199,071)	326,831
Cash and cash equivalents at beginning of period	423,806	14,096
Cash and cash equivalents at end of period	<u>\$ 224,735</u>	<u>\$ 340,927</u>

Reconciliations

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

(in thousands, except per share amounts)	September 30, 2021	December 31, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 224,735	\$ 423,806
Accounts receivable, less allowances of \$38,627 and \$17,637 at September 30, 2021 and December 31, 2020, respectively	2,134,269	880,018
Other receivables	167,309	76,436
Inventories, net	1,616,553	784,527
Other current assets	88,368	58,895
Total current assets	4,231,234	2,223,682
Property, plant and equipment, net	1,336,890	749,130
Operating lease right-of-use assets, net	444,073	274,562
Goodwill	3,141,594	785,305
Intangible assets, net	1,629,363	119,882
Other assets, net	25,994	21,110
Total assets	<u>\$ 10,809,148</u>	<u>\$ 4,173,671</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,004,521	\$ 600,357
Accrued liabilities	930,189	385,536
Current portion of operating lease liabilities	94,651	61,625
Current maturities of long-term debt	3,819	27,335
Total current liabilities	2,033,180	1,074,853
Noncurrent portion of operating lease liabilities	360,271	219,239
Long-term debt, net of current maturities, discounts and issuance costs	2,419,664	1,596,905
Deferred income taxes	330,998	49,495
Other long-term liabilities	141,609	80,396
Total liabilities	5,285,722	3,020,888
Commitments and contingencies (Note 13)		
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; 196,288 and 116,829 shares issued and outstanding at September 30, 2021 and December 31, 2020, respectively	1,963	1,168
Additional paid-in capital	4,254,262	589,241
Retained earnings	1,267,201	562,374
Total stockholders' equity	<u>5,523,426</u>	<u>1,152,783</u>
Total liabilities and stockholders' equity	<u>\$ 10,809,148</u>	<u>\$ 4,173,671</u>

Reconciliations

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

(in millions)	Three Months Ended September 30,		Nine Months Ended September 30,		Twelve Months Ended September 30,
	2021	2020	2021	2020	2021
Reconciliation to Adjusted EBITDA:					
GAAP net income	\$ 613.1	\$ 85.9	\$ 1,283.0	\$ 173.6	\$ 1,422.9
Acquisition and integration expense	17.6	10.8	107.5	14.4	118.4
Debt issuance and refinancing cost ⁽¹⁾	-	-	4.6	28.0	5.9
Amortization expense	92.3	5.4	261.6	16.7	266.9
Tax-effect of adjustments to net income	(26.4)	(3.9)	(89.7)	(14.2)	(93.9)
Adjusted net income	\$ 696.7	\$ 98.2	\$ 1,567.0	\$ 218.6	\$ 1,720.2
<i>Weighted average diluted common shares</i>	205.6	118.0	207.5	117.7	
Diluted adjusted net income per share:	\$ 3.39	\$ 0.83	\$ 7.55	\$ 1.86	
Reconciling items:					
Depreciation expense	\$ 47.7	\$ 24.0	\$ 139.9	\$ 70.6	\$ 163.8
Interest expense, net	36.0	28.0	91.0	78.8	118.6
Income tax expense	214.7	29.7	476.8	63.8	526.1
Stock compensation expense	6.2	5.4	18.9	12.1	23.8
Gain on sale and asset impairments	(25.7)	(1.2)	(27.4)	(1.3)	(29.3)
Other management-identified adjustments ⁽²⁾	0.3	0.3	0.7	0.7	0.8
Adjusted EBITDA	\$ 975.9	\$ 184.3	\$ 2,266.9	\$ 443.2	\$ 2,524.0
<i>Adjusted EBITDA margin</i>	17.7%	8.0%	14.9%	7.4%	14.2%

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

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

Reconciliations

BUILDERS FIRSTSOURCE, INC. AND SUBSIDIARIES Financial Data (unaudited)

(in millions, except per share amounts)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net sales	\$ 5,508.6	\$ 2,295.5	\$ 15,259.0	\$ 6,028.1
Cost of sales	3,796.1	1,724.8	10,893.8	4,474.7
Gross margin	1,712.5	570.7	4,365.2	1,553.4
Gross margin %	31.1%	24.9%	28.6%	25.8%
Adjusted SG&A/Other (excluding depreciation and amortization) as a % of sales ⁽¹⁾	12.9%	16.8%	13.7%	18.4%
Adjusted EBITDA	975.9	184.3	2,266.9	443.2
Adjusted EBITDA margin %	17.7%	8.0%	14.9%	7.4%
Depreciation expense	(47.7)	(24.0)	(139.9)	(70.6)
Interest expense, net of debt issuance cost and refinancing	(36.0)	(28.0)	(91.0)	(78.8)
Income tax expense	(214.7)	(29.7)	(476.8)	(63.8)
Other adjustments	19.2	(4.5)	7.8	(11.5)
Adjusted net income	\$ 696.7	\$ 98.2	\$ 1,567.0	\$ 218.6
Basic adjusted net income per share:	\$ 3.41	\$ 0.84	\$ 7.61	\$ 1.88
Diluted adjusted net income per share:	\$ 3.39	\$ 0.83	\$ 7.55	\$ 1.86
Weighted average common shares				
Basic	204.3	116.7	206.0	# 116.5
Diluted	205.6	118.0	207.5	# 117.7

(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)

(in millions)	Three Months Ended September 30, 2021		Nine Months Ended September 30, 2021	
	Interest Expense	Net Debt Outstanding	Interest Expense	Net Debt Outstanding
2032 Unsecured notes @ 4.25%	\$ 8.1	\$ 1,000.0	\$ 8.1	\$ 1,000.0
2030 Unsecured notes @ 5.00%	6.9	550.0	20.6	550.0
2027 Secured notes @ 6.75%	11.7	695.0	36.1	695.0
2024 Secured Notes @ 5.625%				
2024 Term Loan @ 4.4% Floating LIBOR				
Revolving credit facility @ 2.80% Floating LIBOR	3.2	-	8.2	-
Amortization of debt issuance costs, discount and premium	1.1	-	2.7	-
Finance leases and other finance obligations	5.0	207.7	15.3	207.7
Debt issuance and refinancing cost	-	-	4.6	-
Other	-	-	-	-
Cash	-	(224.7)	-	(224.7)
Total	\$ 36.0	\$ 2,228.0	\$ 95.6	\$ 2,228.0

(in millions)	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2021
Free Cash Flow		
Operating activities	\$ 1,107.0	\$ 903.2
Less: Capital expenditures, net of proceeds	(59.5)	(148.5)
Free cash flow	\$ 1,047.5	\$ 754.8

Reconciliations

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

(in millions)	Three Months Ended September 30,					Nine Months Ended September 30,				
	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	\$ 1,253.9	22.8%	\$ 421.3	18.4%	197.6%	\$ 3,162.1	20.7%	\$ 1,141.6	18.9%	177.0%
Windows, doors & millwork	864.6	15.7%	420.2	18.3%	105.8%	2,413.1	15.8%	1,215.5	20.2%	98.5%
Value-added products	2,118.5	38.5%	841.5	36.7%	151.8%	5,575.3	36.5%	2,357.1	39.1%	136.5%
Gypsum, roofing & insulation	168.5	3.1%	149.5	6.5%	12.7%	510.9	3.3%	386.2	6.4%	32.3%
Siding, metal & concrete products	414.2	7.5%	212.4	9.3%	95.0%	1,132.2	7.4%	581.8	9.7%	94.6%
Other	406.9	7.4%	240.5	10.4%	69.2%	1,314.1	8.6%	676.8	11.2%	94.2%
Specialized products & other	989.6	18.0%	602.4	26.2%	64.3%	2,957.2	19.4%	1,644.8	27.3%	79.8%
Lumber & lumber sheet goods	2,400.5	43.5%	851.6	37.1%	181.9%	6,726.6	44.1%	2,026.2	33.6%	232.0%
Total net sales	<u>\$ 5,508.6</u>	<u>100.0%</u>	<u>\$ 2,295.5</u>	<u>100.0%</u>	140.0%	<u>\$ 15,259.0</u>	<u>100.0%</u>	<u>\$ 6,028.1</u>	<u>100.0%</u>	153.1%

Reconciliations

BUILDERS FIRSTSOURCE, INC. AND SUBSIDIARIES
Combined Financial Data
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
(in millions)	<i>(Pro Forma)</i>		<i>(Pro Forma)</i>	
Net sales	\$ 5,508.6	\$ 3,385.8	\$ 15,259.0	\$ 9,019.2
Gross margin	1,712.5	844.2	4,365.2	2,318.0
<i>Gross margin %</i>	<i>31.1%</i>	<i>24.9%</i>	<i>28.6%</i>	<i>25.7%</i>
Net income	613.1	130.8	1,283.0	284.2
Adjusted EBITDA	975.9	283.4	2,266.9	694.1
Adjusted net income	696.7	154.4	1,567.0	351.7