



# Q4 2021 Earnings Presentation

## March 1, 2022

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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 outlook, 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 March 1, 2022 and reconciliations of these non-GAAP financial measures are also included in the appendix to this presentation.

# Invest with Us



- 1 Track record of execution with strong value proposition, differentiated platform, and customer-focused solutions
- 2 Significant catalysts ahead: BFS -TEAM Operating System, Digital Transformation and Sustainability / ESG
- 3 Robust FCF generation and disciplined capital deployment allowing us to generate above market growth and profitability
- 4 Transforming the homebuilding industry and compounding shareholder value

**2021E to 2025E Base Business Targets<sup>1</sup>**

<b>~10%</b>	<b>~15%</b>	<b>~50bps</b>
Net Sales CAGR	Adj. EBITDA CAGR	Adj. EBITDA Margin Expansion Annually

**Deployable Capital of \$7B to \$10B from 2022E to 2025E**

# Record FY 2021 Performance

## Total

### Net Sales

\$19.9b

+56% YoY

(+21% Core Organic<sup>1</sup>)

### Gross Profit

\$5.9b

+78% YoY

### Adjusted EBITDA

\$3.1b

+186%

15.4% Margin

## Record Sales Performance

- Focused execution, core growth, and disciplined pricing drove record results
- Strong demand for single family living remains a tailwind 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
- BMC integration efforts and cost synergies ahead of schedule; delivered \$32 million in Q4 and \$108 million for 2021.
- Achieved \$160 million synergy run rate as of year-end 2021

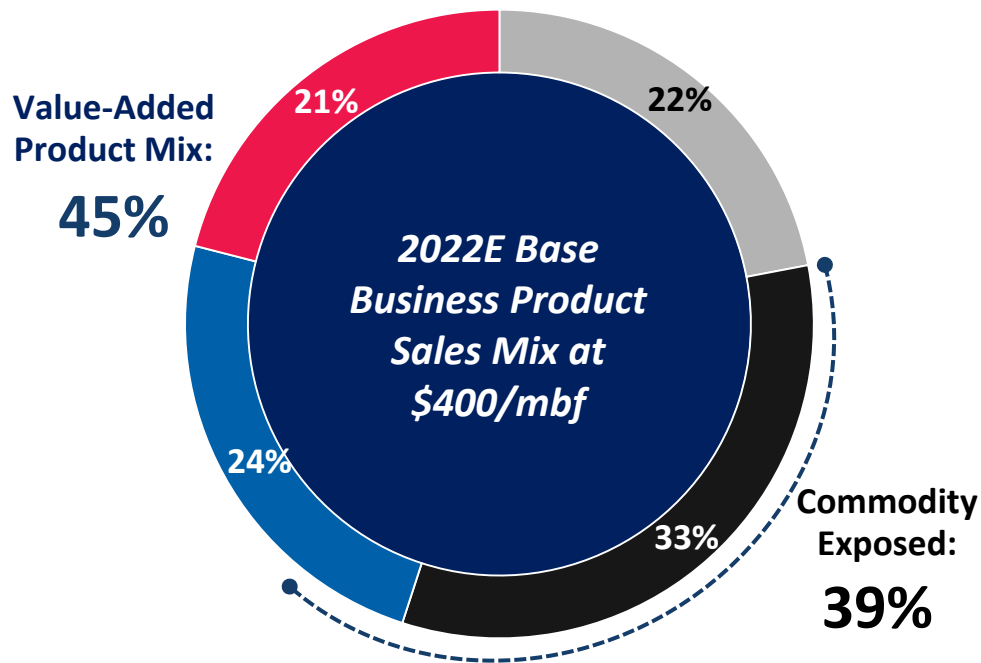
## Value-Added Focus Creating Long-Term Value

- Value-added core organic sales grew by an estimated 29.8%, led by 42.5% growth in our Manufactured Products category compared with the combined pro forma prior year period.
- Strategic acquisitions with heavy value-added product mix contributed 5.4% to net sales, supporting value-added products growth

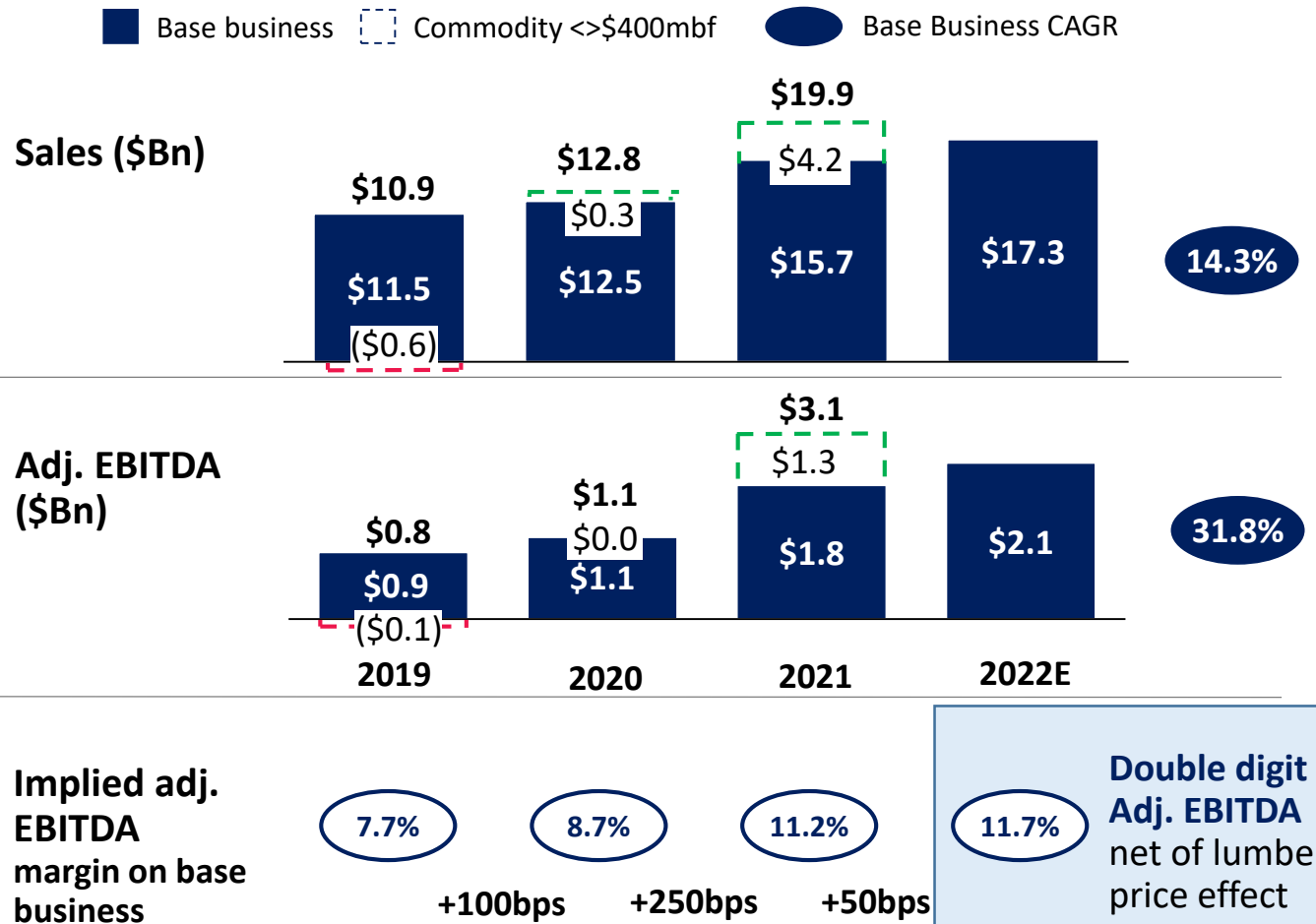
# Base Business<sup>1</sup> Expectations for 2022E Aligned with Long Term Plan

Over 60% of BFS's Base Business<sup>1</sup> is Non-Commodity...

- Windows, Doors & Millwork
- Lumber & Lumber Sheet Goods
- Manufactured Product<sup>2</sup>
- Specialized Products and Other










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



1. Base Business estimates assumes constant \$400/mbf lumber & sheet good pricing  
 Note: Commodity exposure in manufactured products represents an estimated 6% of 2022E net sales mix at \$400/mbf and PY periods are combined proforma

# 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

Acquisition	Annual Sales	Date	Rationale
	\$440M	FY21 Q4	<ul style="list-style-type: none"> <li>• Largest independent building materials supplier in New England</li> <li>• Diverse building materials and service offerings add substantial depth to BFS value-added solutions</li> </ul>
	\$30M	FY21 Q4	<ul style="list-style-type: none"> <li>• Highly-profitable truss manufacturer expands value-added offering in Michigan</li> <li>• Frees existing BFS Michigan plant to send additional capacity into Detroit market</li> </ul>
	N/A	FY21 Q3	<ul style="list-style-type: none"> <li>• Provides technology enhancing workflow, construction budgeting and scheduling, and field task assignments</li> <li>• Aligns with BFS digital strategy to address inefficiencies in the home building process</li> </ul>
	\$143M	FY21 Q3	<ul style="list-style-type: none"> <li>• Largest independent producer of value-added building products in California</li> <li>• Adds substantial and profitable scale to value-added components business in California</li> </ul>
	\$50M	FY21 Q3	<ul style="list-style-type: none"> <li>• Software solutions and services provider for the building products industry</li> <li>• Acquisition is an important step forward in BFS strategy to invest in innovative digital solutions</li> </ul>
	\$330M	FY21 Q3	<ul style="list-style-type: none"> <li>• Largest supplier of building materials in the high-growth Arizona market</li> <li>• Experienced leadership team with ~500 dedicated employees across 9 operating locations</li> </ul>
	\$49M	FY21 Q2	<ul style="list-style-type: none"> <li>• Leading supplier of building products and services to homebuilders, remodel contractors and consumers</li> <li>• Acquisition benefits 14 locations throughout Michigan while allowing for value-added product expansion</li> </ul>

# Digital Solutions Progress

## Q4 2021 Accomplishments

- Established relationships with corporate functions and educated Sales & Operations leaders on Paradigm capabilities
- Publicly announced our Digital Strategy at BFS Investor Day
- Refined product roadmaps, allowing the start of minimum viable product development in Q1 2022
- Go forward leadership team established with combination of BFS, Paradigm, and external hiring

## Anchoring On Our Vision

### Home Lifecycle Management

- Closing task list
- Warranty management
- Post-purchase projects

### Job Site Management

- Scheduling, PO issuance and job costing
- Mobile functionality with alerts for next tasks

### Whole House Configuration

- Homebuyer selection from builder catalog
- Real-time pricing and shortened sales cycle



### Homebuyer Experience

- Lead generation
- Consistent experience throughout

### Collaboration Table

- Plan in-take and mark-up
- Project participant permissions
- Document storage

### Digital Twin / Estimate

- 3D model allows precise material measurement
- Stakeholder alignment improves construction and project control

# Synergy Run Rate Capture Completed

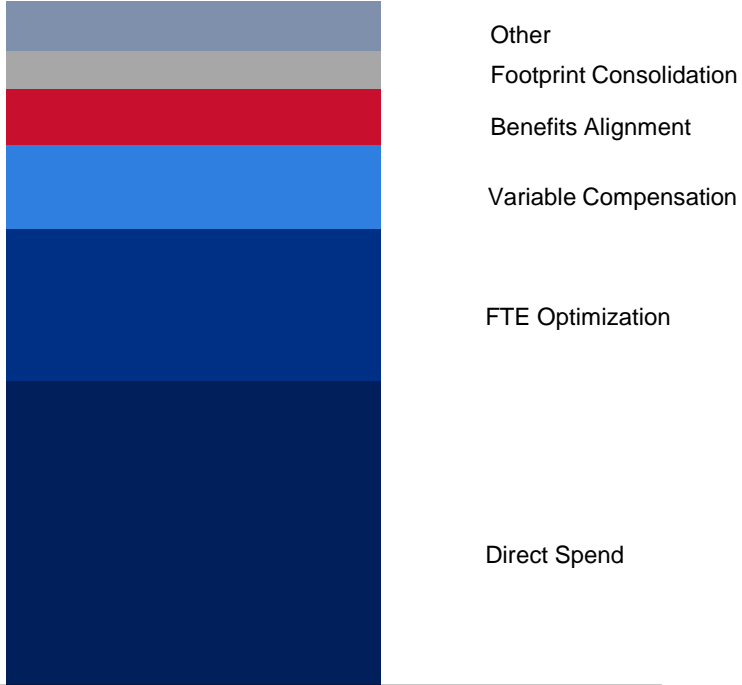
## MAJOR MILESTONES



- ✓ \$32 million realized in Q4 and \$108 million fully realized in the P&L for 2021
- ✓ Achieved \$160 million synergy run rate as of year-end 2021
- ✓ Captured synergies 2 years faster than what we initially projected



## ESTIMATED RUN-RATE COST SAVINGS OF \$160M



EOY 2021



# Highlights of Record Q4 2021 Results

**Net Sales** **\$4.6b**  
+24% YoY  
(+12% Core Organic<sup>1</sup>)

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**Gross Profit** **\$1.5b**  
+52% YoY

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**Adjusted EBITDA** **\$793.4m**  
+110%  
17.1% Margin

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## **Record Sales Performance**

- Focused execution, strong demand, and increasing costs combined with disciplined pricing drove record results
- Robust demand for single family housing remains a tailwind for our products and services.
- Strategic acquisitions with heavy value-added product mix contributed 6.7% to net sales, supporting value-added products growth

## **Operational Performance Drove Record Adjusted EBITDA and Adjusted EBITDA Margin**

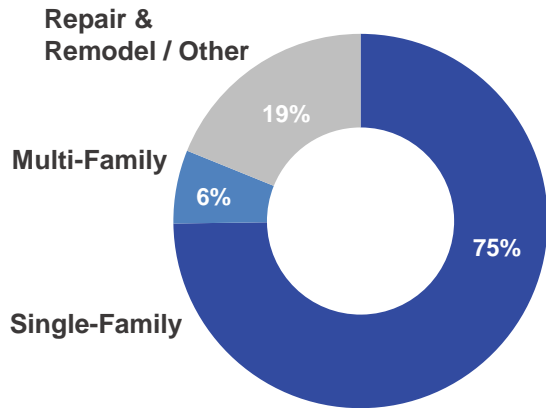
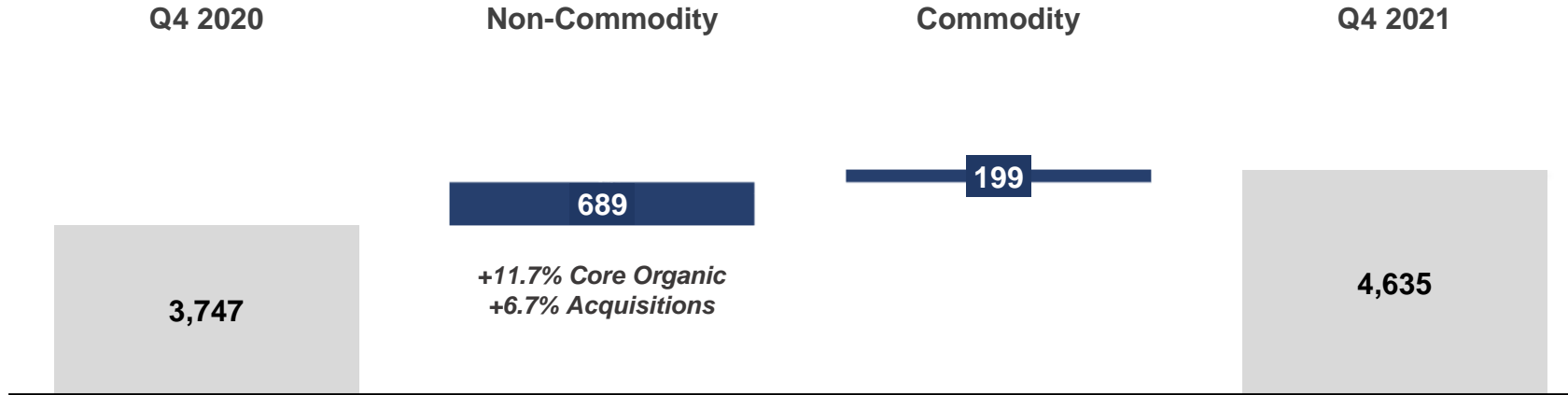
- Established partnerships with customers, ability to deliver value, and an emphasis on cost management produced higher profitability
- Effective and timely sourcing and a disciplined pricing process continued to support growing margins during volatile market conditions
- The Company delivered \$32 million in cost synergies in the fourth quarter

## **Value-Added Focus Creating Long-Term Value**

- Transforming the homebuilding industry through investment in digital and value-added and digital offerings
- Strength and scale of value-added offerings underpins core organic sales growth of 28.3%

# Q4 2021 Core Organic

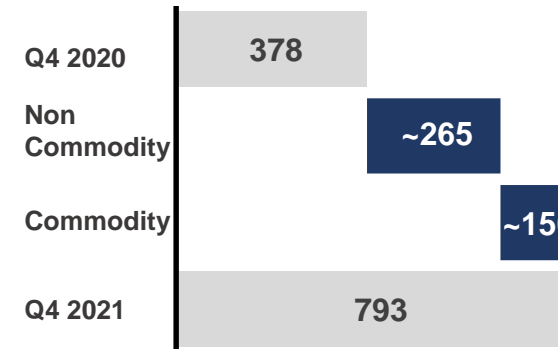
## Net sales bridge (Q4 2021 compared to combined pro forma Q4 2020) (\$M)



Net sales mix by end market

### Core organic<sup>1</sup> sales highlights:

- Single family: +14.4% on strength across our entire footprint against a strong PY
- R&R / Other: +1.2% against a strong PY and current high cost commodity products
- Multi family: +6.7% on industry growth and the timing of projects started in prior periods



Adjusted EBITDA bridge<sup>2</sup>  
(\$M)

### EBITDA highlights:

- Non commodity Adjusted EBITDA growth of ~70%
- Approximately 38% EBITDA Conversion, excluding commodity, demonstrates effective execution across the P&L



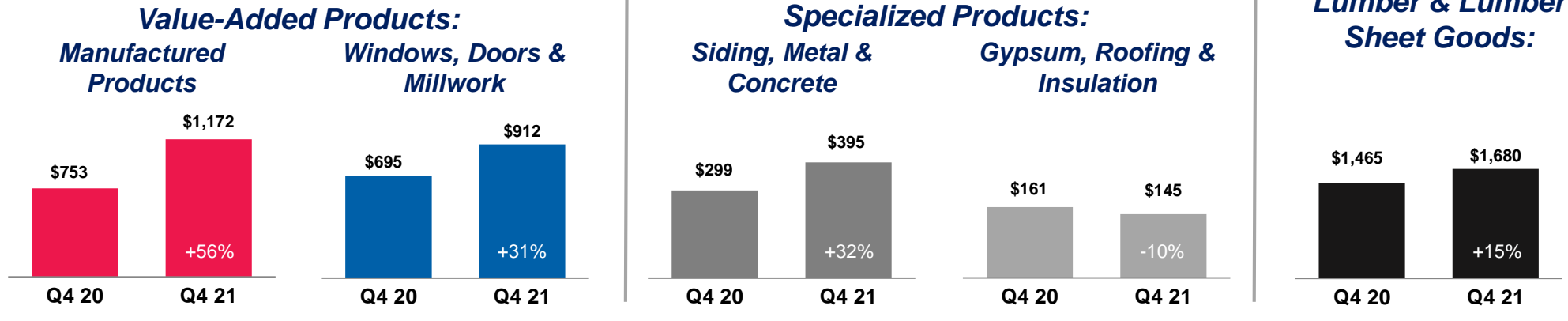
Sales mix: Q4 2021.

<sup>1</sup>Core Organic compares Q4 2021 to combined non-GAAP pro forma Q4 2020, and excludes other acquisitions, commodity price fluctuations and differences in selling days between periods.  
Note: Adjusted EBITDA non commodity versus commodity mix based on management estimates.

# Q4 2021 - Broad Strength Across Product Portfolio

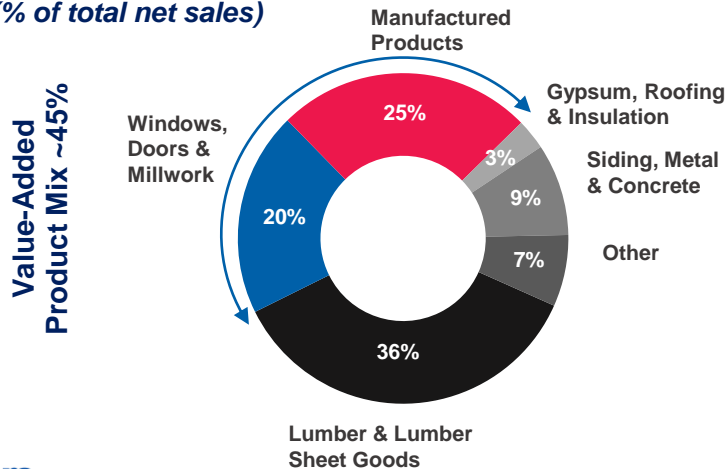
## Net sales by product category (Q4 2021 compared to combined pro forma Q4 2020)

(\$M/ % change)



## Net sales mix by product category

(% of total net sales)

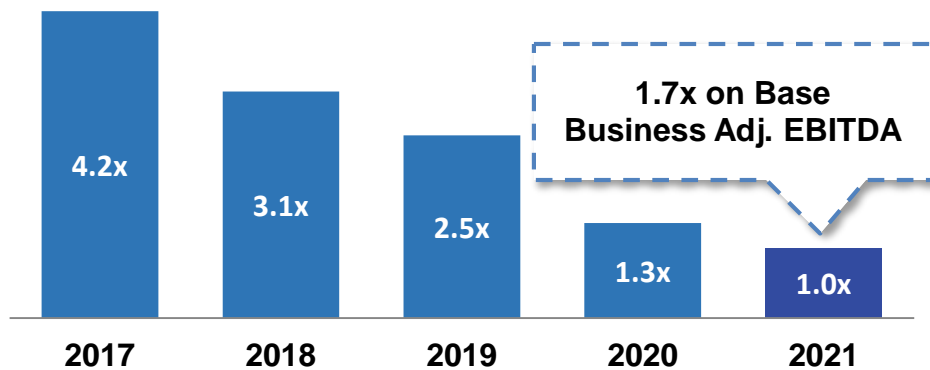


## Value-added core organic<sup>1</sup> sales grew 28.3%

- 29.1% growth in Manufactured Products – Robust single family demand drove significant growth
- 27.4% growth in Windows, Doors and Millwork as material availability improved
- Gypsum, Roofing and Insulating was down due to the sale of the Company's standalone Eastern U.S. Gypsum Distribution Operations

# Strong Balance Sheet and Liquidity Provide Financial Flexibility

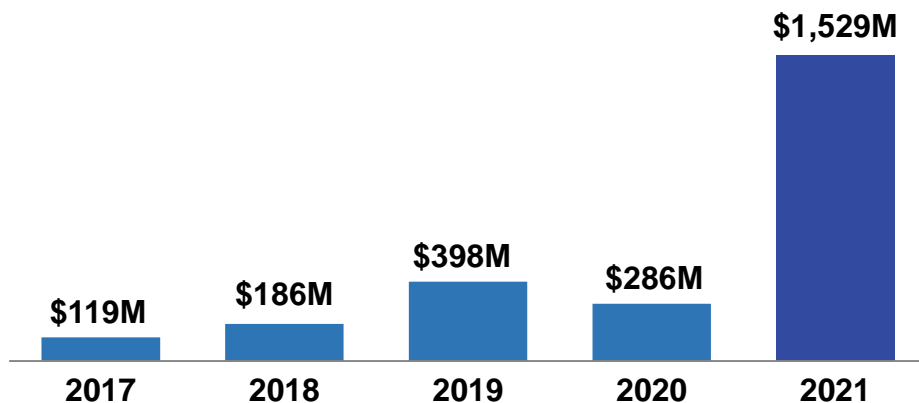
## Pro Forma Net Leverage<sup>1</sup> Improvement



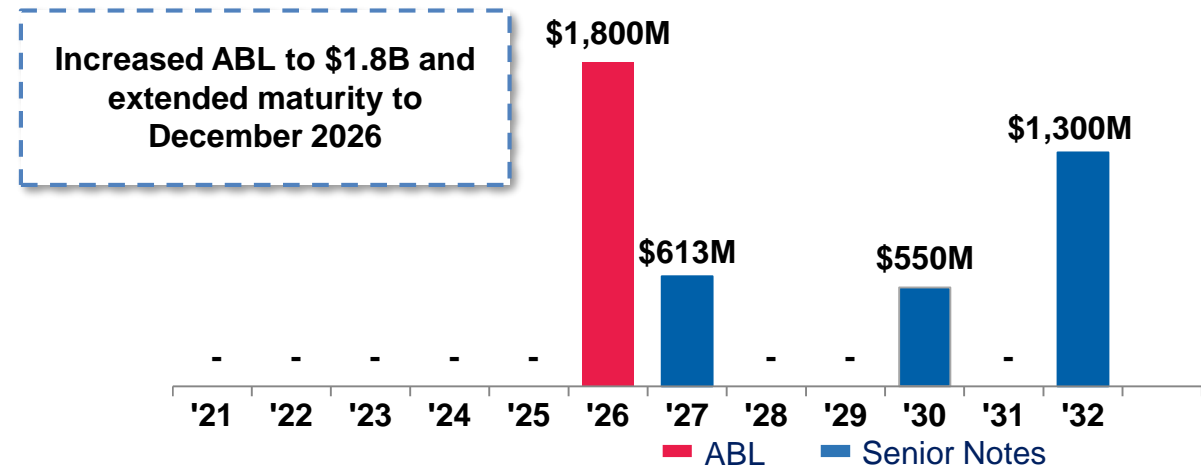
## Balanced Capital Allocation Priorities

1. Maintain a strong balance sheet; \$1.3 billion debt offerings at 4.25%
2. Reinvest in our business to drive growth and productivity
3. Continue tuck-in M&A strategy
4. Return capital to shareholders

## Strong Free Cash Flow<sup>2</sup>



## Weighted Average Debt Maturity of ~8 Years<sup>3</sup>



<sup>1</sup> Net proceeds from January 2022 offering of \$300 million aggregate principal amount of senior notes due 2032. Net Leverage calculated as principal value of debt and lease obligations less cash and cash equivalents divided by LTM Adj EBITDA.

<sup>2</sup> Net of Capital Expenditures.

<sup>3</sup> Excludes finance leases and other finance obligations 2023 includes recent \$300 million offering

# 2022 Outlook

2022 Full Year Financial Expectations		
Metrics	Guidance	2021 Baseline
Base Business Sales <sup>1</sup>	8% to 12% growth	\$15.7 billion
Base Business Adjusted EBITDA <sup>1, 2</sup>	12% to 18% growth	\$1.8 billion
Free Cash Flow <sup>3</sup>	\$1.6 to \$2.0 billion	\$1.5 billion
Capital Expenditures <sup>4</sup>	\$400 to \$420 million	\$214 million
Interest expense	\$175 to \$185 million	\$136 million
Effective tax rate	23.0% to 25.0%	23.4%
Depreciation & amortization expense <sup>5</sup>	\$440 to \$460 million	\$547 million

2022 Full Year Assumptions		
Metrics	Guidance	
Single family starts growth (BLDR geographies)	Up mid-single digits	
Multi-family starts growth (BLDR geographies)	Up low-to-mid single digits	
R&R starts growth (BLDR geographies)	Up low-to-mid single digits	
Selling Days	One less vs 2021	
Productivity savings & BMC integration synergies	~\$150 million	



1. Base Business estimates assumes constant \$400/mbf lumber & sheet good pricing

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. Assumes average commodity prices in the range of \$600 to \$1,000/mbf

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

5. Depreciation expense includes depreciation accounted for within cost of sales.

# Sales and Adj. EBITDA Projection at Various Static Commodity Prices

## Illustrative FY 2022E

	Sales (\$Bn)	AEBITDA (\$Bn)
	\$16.3-18.1	\$1.9-2.1
	\$17.6-19.4	\$2.2-2.4
\$/mbf	\$18.4-20.4	\$2.4-2.6
	\$19.7-21.7	\$2.6-2.8
	\$20.6-22.8	\$2.8-3.0
	\$21.6-23.8	\$2.9-3.3
	\$22.5-24.9	\$3.1-3.5

### Assumptions:

- Grid provides for various commodity cost assumptions and the corresponding profits assuming static commodity prices. Please keep in mind 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 2022 expectation of realized market participation
- Price at each tier is static for the full year
- Price tiers reflect BFS composite
- Low/High ranges for sales and AEBITDA set at +/- 5%

# 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

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Session





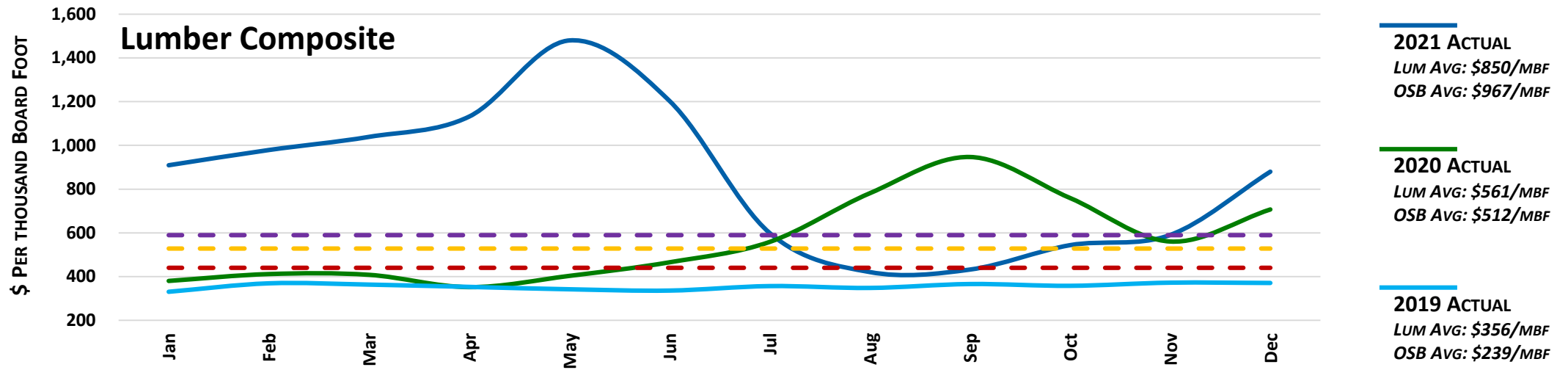
First we **Listen** – Then we **Deliver** 



**Michael Neese**  
SVP, Investor Relations  
[Michael.Neese@bldr.com](mailto:Michael.Neese@bldr.com)

214-765-3804

# Commodity Trends



**2021 ACTUAL**  
LUM AVG: \$850/MBF  
OSB AVG: \$967/MBF

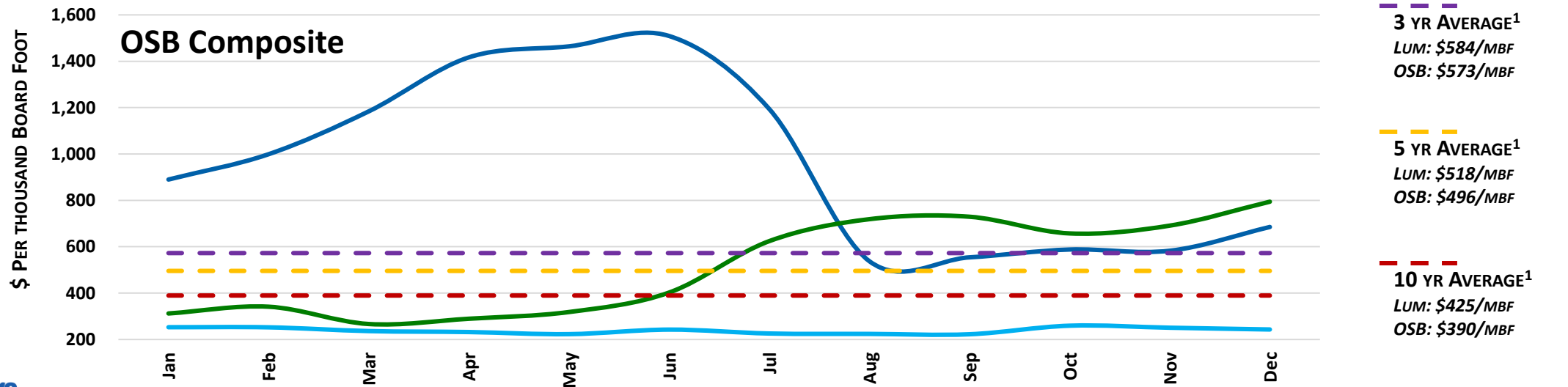
**2020 ACTUAL**  
LUM AVG: \$561/MBF  
OSB AVG: \$512/MBF

**2019 ACTUAL**  
LUM AVG: \$356/MBF  
OSB AVG: \$239/MBF

**3 YR AVERAGE<sup>1</sup>**  
LUM: \$584/MBF  
OSB: \$573/MBF

**5 YR AVERAGE<sup>1</sup>**  
LUM: \$518/MBF  
OSB: \$496/MBF

**10 YR AVERAGE<sup>1</sup>**  
LUM: \$425/MBF  
OSB: \$390/MBF



# Summary Financial Information & Reconciliations

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

(in thousands, except per share amounts)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2021	2020	2021	2020
Net sales	\$ 4,634,809	\$ 2,530,760	\$ 19,893,856	\$ 8,558,874
Cost of sales	3,149,009	1,861,572	14,042,900	6,336,290
Gross margin	1,485,800	669,188	5,850,956	2,222,584
Selling, general and administrative expenses	864,010	455,293	3,463,532	1,678,730
Income from operations	621,790	213,895	2,387,424	543,854
Interest expense, net	40,284	28,903	135,877	135,688
Income before income taxes	581,506	184,992	2,251,547	408,166
Income tax expense	139,050	45,078	526,131	94,629
Net income	\$ 442,456	\$ 139,914	\$ 1,725,416	\$ 313,537
<i>Net income per share:</i>				
Basic	\$ 2.33	\$ 1.20	\$ 8.55	\$ 2.69
Diluted	\$ 2.31	\$ 1.18	\$ 8.48	\$ 2.66
<i>Weighted average common shares:</i>				
Basic	189,563	116,819	201,839	116,611
Diluted	191,474	118,591	203,470	117,917

# Summary Financial Information & Reconciliations

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

(in thousands)	Twelve Months Ended December 31,	
	2021	2020
<b>Cash flows from operating activities:</b>		
Net income	\$ 1,725,416	\$ 313,537
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	547,352	116,566
Deferred income taxes	(34,573)	16,614
Stock-based compensation expense	31,486	17,022
Net gain on sale of assets	(32,421)	(1,067)
Other non-cash adjustments	6,896	10,208
Changes in assets and liabilities, net of assets <u>acquired</u> and liabilities assumed:		
Receivables	(453,911)	(246,912)
Inventories	(282,165)	(220,101)
Contract assets	(103,326)	(12,631)
Other current assets	(33,489)	(19,743)
Other assets and liabilities	(1,155)	50,370
Accounts payable	191,885	160,947
Accrued liabilities	91,419	55,361
Contract liabilities	90,135	19,896
Net cash provided by operating activities	1,743,549	260,067
<b>Cash flows from investing activities:</b>		
Cash used for acquisitions, net of cash acquired	(1,206,471)	(32,643)
Proceeds from divestiture of business	76,162	—
Purchases of property, plant and equipment	(227,891)	(112,082)
Proceeds from sale of property, plant and equipment	13,560	8,500
Net cash used in investing activities	(1,344,640)	(136,225)
<b>Cash flows from financing activities:</b>		
Borrowings under revolving credit facility	3,125,000	891,000
Repayments under revolving credit facility	(2,612,000)	(843,000)
Proceeds from long-term debt and other loans	1,000,000	895,625
Repayments of long-term debt and other loans	(554,677)	(618,542)
Payments of debt extinguishment costs	(4,950)	(22,686)
Payments of loan costs	(19,450)	(13,800)
Exercise of stock options	726	1,424
Repurchase of common stock	(1,714,761)	(4,153)
Net cash (used in) provided by financing activities	(780,112)	285,868
Net change in cash and cash equivalents	(381,203)	409,710
Cash and cash equivalents at beginning of period	423,806	14,096
Cash and cash equivalents at end of period	\$ 42,603	\$ 423,806

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

(in thousands, except per share amounts)	December 31, 2021	December 31, 2020
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 42,603	\$ 423,806
Accounts receivable, less allowances of \$39,510 and \$17,637 at December 31, 2021 and December 31, 2020, respectively	1,708,796	822,753
Other receivables	255,075	76,436
Inventories, net	1,626,244	784,527
Contract assets	207,587	57,265
Other current assets	127,964	58,895
Total current assets	3,968,269	2,223,682
Property, plant and equipment, net	1,385,441	749,130
Operating lease right-of-use assets, net	457,833	274,562
Goodwill	3,270,192	785,305
Intangible assets, net	1,603,409	119,882
Other assets, net	29,199	21,110
Total assets	\$ 10,714,343	\$ 4,173,671
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 1,093,370	\$ 600,357
Accrued liabilities	718,904	327,081
Contract liabilities	216,097	58,455
Current portion of operating lease liabilities	96,680	61,625
Current maturities of long-term debt	3,660	27,335
Total current liabilities	2,128,711	1,074,853
Noncurrent portion of operating lease liabilities	375,289	219,239
Long-term debt, net of current maturities, discounts and issuance costs	2,926,122	1,596,905
Deferred income taxes	362,121	49,495
Other long-term liabilities	119,619	80,396
Total liabilities	5,911,862	3,020,888
<b>Commitments and contingencies (Note 14)</b>		
<b>Stockholders' equity:</b>		
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; 179,820 and 116,829 shares issued and outstanding at December 31, 2021 and December 31, 2020, respectively	1,798	1,168
Additional paid-in capital	4,260,670	589,241
Retained earnings	540,013	562,374
Total stockholders' equity	4,802,481	1,152,783
Total liabilities and stockholders' equity	\$ 10,714,343	\$ 4,173,671

# Summary Financial Information & Reconciliations

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

(in millions)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2021	2020	2021	2020
<b>Reconciliation to Adjusted EBITDA:</b>				
GAAP net income	\$ 442.5	\$ 139.9	\$ 1,725.4	\$ 313.5
Acquisition and integration expense	18.4	10.8	125.9	25.1
Debt issuance and refinancing cost <sup>(1)</sup>	3.5	1.4	8.1	29.4
Amortization expense	96.5	5.4	358.1	22.1
Tax-effect of adjustments to net income	(28.4)	(4.2)	(118.1)	(18.4)
Adjusted net income	\$ 532.4	\$ 153.2	\$ 2,099.4	\$ 371.7
<i>Weighted average diluted common shares</i>	191.5	118.6	203.5	117.9
Diluted adjusted net income per share:	\$ 2.78	\$ 1.29	\$ 10.32	\$ 3.15
Reconciling items:				
Depreciation expense	\$ 49.4	\$ 23.9	\$ 189.3	\$ 94.5
Interest expense, net	36.8	27.5	127.8	106.3
Income tax expense	167.4	49.3	644.2	113.0
Stock compensation expense	6.2	4.9	25.0	17.0
Gain on sale and asset impairments	0.9	(1.9)	(26.5)	(3.2)
Other management-identified adjustments <sup>(2)</sup>	0.3	0.2	1.0	0.9
Adjusted EBITDA	\$ 793.4	\$ 257.1	\$ 3,060.3	\$ 700.2
<i>Adjusted EBITDA margin</i>	17.1%	10.2%	15.4%	8.2%

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

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

# Summary Financial Information & Reconciliations

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

(in millions, except per share amounts)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2021	2020	2021	2020
Net sales	\$ 4,634.8	\$ 2,530.8	\$ 19,893.9	\$ 8,558.9
Cost of sales	3,149.0	1,861.6	14,042.9	6,336.3
Gross margin	1,485.8	669.2	5,851.0	2,222.6
Gross margin %	32.1%	26.4%	29.4%	26.0%
Adjusted SG&A/Other (excluding depreciation and amortization) as a % of sales <sup>(1)</sup>	15.7%	16.3%	14.6%	17.8%
Adjusted EBITDA	793.4	257.1	3,060.3	700.2
Adjusted EBITDA margin %	17.1%	10.2%	15.4%	8.2%
Depreciation expense	(49.4)	(23.9)	(189.3)	(94.5)
Interest expense, net of debt issuance cost and refinancing	(36.8)	(27.5)	(127.8)	(106.3)
Income tax expense	(167.4)	(49.3)	(644.2)	(113.0)
Other adjustments	(7.4)	(3.2)	0.5	(14.7)
Adjusted net income	\$ 532.4	\$ 153.2	\$ 2,099.4	\$ 371.7
Basic adjusted net income per share:	\$ 2.81	\$ 1.31	\$ 10.40	\$ 3.19
Diluted adjusted net income per share:	\$ 2.78	\$ 1.29	\$ 10.32	\$ 3.15
Weighted average common shares				
Basic	189.6	116.8	201.8	116.6
Diluted	191.5	118.6	203.5	117.9

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

# Summary Financial Information & Reconciliations

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

(in millions)	Three Months Ended December 31, 2021		Twelve Months Ended December 31, 2021	
	Interest Expense	Net Debt Outstanding	Interest Expense	Net Debt Outstanding
2032 Unsecured notes @ 4.25%	\$ 10.6	\$ 1,000.0	\$ 18.8	\$ 1,000.0
2030 Unsecured notes @ 5.00%	6.9	550.0	27.5	550.0
2027 Secured notes @ 6.75%	11.3	612.5	47.4	612.5
Revolving credit facility @ 2.80% Floating LIBOR	1.8	588.0	10.0	588.0
Amortization of debt issuance costs, discount and premium	1.1	-	3.8	-
Finance leases and other finance obligations	5.1	206.8	20.4	206.8
Debt issuance and refinancing cost	3.5		8.1	
Cash	-	(42.6)	-	(42.6)
<b>Total</b>	<b>\$ 40.3</b>	<b>\$ 2,914.7</b>	<b>\$ 135.9</b>	<b>\$ 2,914.7</b>

(in millions)	Three Months Ended	Twelve Months
	December 31, 2021	Ended December 31, 2021
<b>Free Cash Flow</b>		
Operating activities	\$ 840.3	\$ 1,743.5
Less: Capital expenditures, net of proceeds	(65.9)	(214.3)
<b>Free cash flow</b>	<b>\$ 774.5</b>	<b>\$ 1,529.2</b>

# Summary Financial Information & Reconciliations

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

(in millions)	Three Months Ended December 31,					Twelve Months Ended December 31,				
	2021		2020		% Change	2021		2020		% Change
	Net Sales	% of Net Sales	Net Sales	% of Net Sales		Net Sales	#	Net Sales	% of Net Sales	
Manufactured products	\$ 1,171.9	25.3 %	\$ 498.9	19.7 %	134.9 %	\$ 4,333.3	21.8 %	\$ 1,640.5	19.2 %	164.1 %
Windows, doors & millwork	911.6	19.7 %	413.7	16.3 %	120.4 %	3,332.0	16.7 %	1,629.2	19.0 %	104.5 %
Value-added products	2,083.5	45.0 %	912.6	36.1 %	128.3 %	7,665.3	38.5 %	3,269.7	38.2 %	134.4 %
Gypsum, roofing & insulation	144.5	3.1 %	128.5	5.1 %	12.5 %	656.4	3.3 %	514.6	6.0 %	27.6 %
Siding, metal & concrete products	394.9	8.5 %	191.8	7.6 %	105.9 %	1,531.1	7.7 %	773.6	9.0 %	97.9 %
Other	331.5	7.2 %	247.8	9.7 %	33.8 %	1,628.9	8.2 %	924.6	10.8 %	76.2 %
Specialized products & other	870.9	18.8 %	568.1	22.4 %	53.3 %	3,816.4	19.2 %	2,212.8	25.9 %	72.5 %
Lumber & lumber sheet goods	1,680.4	36.2 %	1,050.1	41.5 %	60.0 %	8,412.2	42.3 %	3,076.4	35.9 %	173.4 %
Total net sales	<u>\$ 4,634.8</u>	<u>100.0 %</u>	<u>\$ 2,530.8</u>	<u>100.0 %</u>	83.1 %	<u>\$ 19,893.9</u>	<u>100.0 %</u>	<u>\$ 8,558.9</u>	<u>100.0 %</u>	132.4 %



# Summary Financial Information & Reconciliations

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

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2021	2020	2021	2020
(in millions)	<i>(Pro Forma)</i>		<i>(Pro Forma)</i>	
Net sales	\$ 4,634.8	\$ 3,746.9	\$ 19,893.9	\$ 12,766.1
Gross margin	1,485.8	974.5	5,851.0	3,292.5
<i>Gross margin %</i>	<i>32.1%</i>	<i>26.0%</i>	<i>29.4%</i>	<i>25.8%</i>
Net income	442.5	200.7	1,725.4	484.8
Adjusted EBITDA	793.4	377.8	3,060.3	1,071.9
Adjusted net income	532.4	225.5	2,099.4	577.2