



May 10, 2012

Beacon Roofing Supply Reports Second Quarter 2012 Results

- **Record second quarter sales up 33% to \$395 million vs. \$296 million.**
- **Second quarter EPS increases to \$0.07 vs. loss of \$0.13.**
- **Second quarter existing market sales up 28%.**
- **Record first half EPS of \$0.47 vs. \$0.08.**
- **Cash on hand builds to \$171 million from \$143 million at year-end.**

PEABODY, Mass.--(BUSINESS WIRE)-- Beacon Roofing Supply, Inc. (the "Company") (NASDAQ: BECN) announced results today for its second quarter and first half ended March 31, 2012 of the fiscal year ending September 30, 2012 ("fiscal 2012").

Paul Isabella, the Company's President & Chief Executive Officer, stated: "The positive momentum from our first quarter continued into our second quarter and we finished with record results for the first half of fiscal 2012. Our results for the second quarter and first half significantly exceeded our expectations and most of our regions are on track for a very successful year. Once again our company-wide residential and non-residential product sales in existing markets both showed double-digit percentage increases for the quarter, while our complementary product sales were up 7%. The much warmer winter conditions this year boosted roofing and exterior remodeling activities and seemed to accelerate the recent trend of increased residential re-roofing activities. In addition, our roofing businesses continued to benefit from industry-wide price increases, which mostly occurred during the second half of last year. Our commercial business has been consistently strong since the third quarter of fiscal 2010, and our year-over-year total gross margin and operating margin continued to improve. We were able to increase our cash holdings since our 2011 year-end and we utilized \$79 million of that cash to pay down our term debt in April in connection with the closing on our new credit facility. The new credit facility, along with our further improved balance sheet, should enable us to accelerate our growth and we are confident that we will add additional quality companies this year that fit our target acquisition profile. We could not be more pleased with our first half performance and, although we will be up against much tougher comparisons, we expect to have a strong second half as well."

Second Quarter

Total sales increased 33.4% to \$395.2 million in 2012 from \$296.3 million in 2011. Existing market (organic) sales, which exclude branches acquired after the beginning of last year's second quarter, increased 28.2%. In existing markets, residential and non-residential roofing product sales increased 46.0% and 17.4%, respectively, while complementary product sales increased 6.7%. Second quarter sales this year were favorably impacted by increased re-roofing and remodeling activities, including the impact from improved weather conditions and stronger business in several markets that experienced significant storms during the course of last fiscal year, and by higher average selling prices.

Net income for the second quarter was \$3.1 million compared to a net loss of \$6.2 million in 2011. Second quarter diluted net income per share was \$0.07 compared to a net loss per share of \$0.13 in 2011. The higher net income was due to the higher sales and gross margin rate, partially offset by the impact from higher operating expenses and a higher income tax provision compared to an income tax benefit in 2011.

Earnings before interest, taxes, depreciation and amortization, and stock-based compensation ("Adjusted EBITDA"), which are reconciled to the net income in this press release, were \$17.8 million in 2012 compared to \$0.9 million in 2011.

First Half

Total sales increased 26.2% to a record \$885.0 million in 2012 from \$701.1 million in 2011. Existing market sales increased 21.7%. In existing markets, residential and non-residential roofing product sales increased 34.2% and 16.2%, respectively, while complementary product sales increased 1.5%. Our first half sales this year were primarily impacted by the same favorable factors mentioned above for the second quarter.

Net income for the first half was a record \$22.3 million compared to \$3.9 million in 2011. First half diluted net income per share was a record \$0.47 compared to \$0.08 per share in 2011. The higher net income was due to the higher sales and gross margin rate, partially offset by the impact from higher operating expenses and a higher income tax provision.

First half Adjusted EBITDA was \$58.9 million in 2012 compared to \$28.6 million in 2011, an increase of 106%.

Cash flow from operations was \$80.3 million compared to \$68.8 million in 2011. This year's operating cash flows were influenced mostly by the higher net income, partially offset by the impact from less favorable changes in working capital this year. Cash on hand decreased by \$7.3 million to \$171.1 million at March 31, 2012 compared to \$178.4 million at March 31, 2011, but increased \$28.1 million compared to \$143.0 million at September 30, 2011.

The Company will host a webcast and conference call today at 10:00 a.m. ET to discuss these results. The live webcast of the call, along with a webcast replay after the call, can be accessed at <http://ir.beaconroofingsupply.com/events.cfm> (the "Events & Presentations" page of the "Investor Relations" section of the Company's web site). There will be a slide presentation of the results available on that page of the website as well. For those unable to connect to the Internet or who may wish to ask questions, the conference call dial-in number is 719-325-2402. To assure timely access, call participants should call in before 10:00 a.m.

Beacon Roofing Supply, Inc. is a leading distributor of roofing materials and complementary building products, operating 193 branches in 38 states in the United States and across Canada.

Forward-Looking Statements: This release contains information about management's view of the Company's future expectations, plans and prospects that constitute forward-looking statements for purposes of the safe harbor provisions under the Private Securities Litigation Reform Act of 1995. Actual results may differ materially from those indicated by such forward-looking statements as a result of various important factors, including, but not limited to, those set forth in the "Risk Factors" section of the Company's latest Form 10-K. In addition, the forward-looking statements included in this press release represent the

Company's views as of the date of this press release and these views could change. However, while the Company may elect to update these forward-looking statements at some point, the Company specifically disclaims any obligation to do so, other than as required by federal securities laws. These forward-looking statements should not be relied upon as representing the Company's views as of any date subsequent to the date of this press release.

BEACON ROOFING SUPPLY, INC
Condensed Consolidated Statements of Operations

Unaudited (Dollars in thousands, except per share data)	Three Months Ended				Six Months Ended			
	% of Net		% of Net		% of Net		% of Net	
	March 31, 2012	Sales	March 31, 2011	Sales	March 31, 2012	Sales	March 31, 2011	Sales
Net sales	\$ 395,161	100.0%	\$ 296,321	100.0%	\$ 885,011	100.0%	\$ 701,114	100.0%
Cost of products sold	301,445	76.3%	231,094	78.0%	673,970	76.2%	541,077	77.2%
Gross profit	93,716	23.7%	65,227	22.0%	211,041	23.8%	160,037	22.8%
Operating expenses	83,963	21.2%	72,059	24.3%	166,948	18.9%	147,029	21.0%
Income (loss) from operations	9,753	2.5%	(6,832)	-2.3%	44,093	5.0%	13,008	1.9%
Interest expense	3,279	0.8%	3,186	1.1%	6,559	0.7%	6,655	0.9%
Income (loss) before income taxes	6,474	1.6%	(10,018)	-3.4%	37,534	4.2%	6,353	0.9%
Income tax expense (benefit)	3,330	0.8%	(3,841)	-1.3%	15,275	1.7%	2,478	0.4%
Net income (loss)	<u>\$ 3,144</u>	<u>0.8%</u>	<u>(6,177)</u>	<u>-2.1%</u>	<u>\$ 22,259</u>	<u>2.5%</u>	<u>\$ 3,875</u>	<u>0.6%</u>
Net income (loss) per share:								
Basic	\$ 0.07		\$ (0.13)		\$ 0.48		\$ 0.08	
Diluted	<u>\$ 0.07</u>		<u>\$ (0.13)</u>		<u>\$ 0.47</u>		<u>\$ 0.08</u>	
Weighted average shares used in computing net income (loss) per share:								
Basic	46,529,109		45,855,777		46,359,075		45,777,187	
Diluted	<u>47,600,215</u>		<u>45,855,777</u>		<u>47,252,547</u>		<u>46,402,586</u>	

BEACON ROOFING SUPPLY, INC
Condensed Consolidated Balance Sheets

Unaudited (Dollars in thousands)	March 31, 2012	March 31, 2011	September 30, 2011
Assets			
Current assets:			
Cash and cash equivalents	\$ 171,129	\$ 178,422	\$ 143,027
Accounts receivable, net	210,594	177,825	280,322
Inventories	262,767	209,569	202,474
Prepaid expenses and other assets	81,993	52,248	37,573
Deferred income taxes	14,586	15,200	15,469
Total current assets	741,069	633,264	678,865
Property and equipment, net	51,207	44,097	47,427
Goodwill	401,079	366,117	380,916
Other assets, net	58,835	46,513	49,756
Total assets	<u>\$ 1,252,190</u>	<u>\$ 1,089,991</u>	<u>\$ 1,156,964</u>
Liabilities and stockholders' equity			
Current liabilities:			
Accounts payable	\$ 239,080	\$ 171,343	\$ 182,523
Accrued expenses	75,813	65,800	69,906
Current portion of long-term obligations	86,714	9,048	15,605
Total current liabilities	401,607	246,191	268,034
Senior notes payable and other obligations, net of current portion	229,830	321,407	311,511

Deferred income taxes	40,294	39,696	38,992
Stockholders' equity:			
Common stock	468	459	462
Additional paid-in capital	261,857	242,285	248,260
Retained earnings	315,369	237,765	293,110
Accumulated other comprehensive income (loss)	2,765	2,188	(3,405)
Total stockholders' equity	<u>580,459</u>	<u>482,697</u>	<u>538,427</u>
Total liabilities and stockholders' equity	<u>\$ 1,252,190</u>	<u>\$ 1,089,991</u>	<u>\$ 1,156,964</u>

BEACON ROOFING SUPPLY, INC
Condensed Consolidated Statements of Cash Flows

Unaudited (In thousands)	Six Months Ended	
	March 31, 2012	March 31, 2011
Operating activities:		
Net income	\$ 22,259	\$ 3,875
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	12,034	12,636
Stock-based compensation	3,777	2,969
Adjustment of liability for contingent consideration	(1,000)	-
Gain on sale of assets	(702)	(490)
Deferred income taxes	(921)	(1,057)
Changes in assets and liabilities, net of the effects of businesses acquired:		
Accounts receivable	82,802	64,529
Inventories	(48,675)	(50,444)
Prepaid expenses and other assets	(43,976)	(8,077)
Accounts payable and accrued expenses	54,683	44,902
Net cash provided by operating activities	<u>80,281</u>	<u>68,843</u>
Investing activities:		
Purchases of property and equipment	(8,603)	(4,063)
Acquisition of business	(44,370)	-
Proceeds from sales of assets	788	1,195
Net cash used by investing activities	<u>(52,185)</u>	<u>(2,868)</u>
Financing activities:		
Repayments under revolving lines of credit, net	-	(59)
Repayments under senior notes payable and other, net	(10,644)	(8,070)
Proceeds from exercises of options	8,958	2,804
Income tax benefit from stock-based compensation deductions in excess of the associated compensation costs	868	379
Net cash used by financing activities	<u>(818)</u>	<u>(4,946)</u>
Effect of exchange rate changes on cash	824	257
Net increase in cash and cash equivalents	<u>28,102</u>	<u>61,286</u>
Cash and cash equivalents at beginning of period	143,027	117,136
Cash and cash equivalents at end of period	<u>\$ 171,129</u>	<u>\$ 178,422</u>

BEACON ROOFING SUPPLY, INC

Unaudited

Consolidated Sales by Product Line

(dollars in millions)	March 31, 2012		March 31, 2011		Change	
	Net Sales	Mix %	Net Sales	Mix %	\$	%
Residential roofing products	\$ 200.7	50.8%	\$ 130.0	43.9%	\$ 70.7	54.4%
Non-residential roofing products	140.7	35.6%	117.4	39.6%	23.3	19.8%

Complementary building products	<u>53.8</u>	<u>13.6%</u>	<u>48.9</u>	<u>16.5%</u>	<u>4.9</u>	10.0%
	<u>\$ 395.2</u>	<u>100.0%</u>	<u>\$ 296.3</u>	<u>100.0%</u>	<u>\$ 98.9</u>	33.4%

Consolidated Sales by Product Line for Existing Markets*

Three Months Ended

(dollars in millions)	March 31, 2012		March 31, 2011		Change	
	Net Sales	Mix %	Net Sales	Mix %		
Residential roofing products	\$ 189.7	50.0%	\$ 130.0	43.9%	\$ 59.7	46.0%
Non-residential roofing products	137.8	36.3%	117.4	39.6%	20.4	17.4%
Complementary building products	<u>52.2</u>	<u>13.7%</u>	<u>48.9</u>	<u>16.5%</u>	<u>3.3</u>	6.7%
	<u>\$ 379.7</u>	<u>100.0%</u>	<u>\$ 296.3</u>	<u>100.0%</u>	<u>\$ 83.4</u>	28.2%

Note: Some totals above may not foot due to rounding.

*Excludes branches acquired during the four quarters prior to the start of the second quarter of fiscal 2012.

BEACON ROOFING SUPPLY, INC

Unaudited

Consolidated Sales by Product Line

Six Months Ended

(dollars in millions)	March 31, 2012		March 31, 2011		Change	
	Net Sales	Mix %	Net Sales	Mix %		
Residential roofing products	\$ 434.3	49.1%	\$ 305.4	43.6%	\$128.9	42.2%
Non-residential roofing products	334.8	37.8%	284.2	40.5%	50.6	17.8%
Complementary building products	<u>115.9</u>	<u>13.1%</u>	<u>111.5</u>	<u>15.9%</u>	<u>4.4</u>	3.9%
	<u>\$ 885.0</u>	<u>100.0%</u>	<u>\$ 701.1</u>	<u>100.0%</u>	<u>\$183.9</u>	26.2%

Consolidated Sales by Product Line for Existing Markets*

Six Months Ended

(dollars in millions)	March 31, 2012		March 31, 2011		Change	
	Net Sales	Mix %	Net Sales	Mix %		
Residential roofing products	\$ 409.9	48.0%	\$ 305.4	43.6%	\$104.5	34.2%
Non-residential roofing products	330.3	38.7%	284.2	40.5%	46.1	16.2%
Complementary building products	<u>113.2</u>	<u>13.3%</u>	<u>111.5</u>	<u>15.9%</u>	<u>1.7</u>	1.4%
	<u>\$ 853.4</u>	<u>100.0%</u>	<u>\$ 701.1</u>	<u>100.0%</u>	<u>\$152.3</u>	21.7%

Existing Market Sales By Business Day during the Six Months Ended:

(dollars in millions)	March 31, 2012		March 31, 2011		Change	
	Net Sales	Mix %	Net Sales	Mix %		
Residential roofing products	\$ 3.306	48.0%	\$ 2.424	43.6%	\$0.882	36.4%
Non-residential roofing products	2.664	38.7%	2.256	40.5%	0.408	18.1%
Complementary building products	<u>0.913</u>	<u>13.3%</u>	<u>0.885</u>	<u>15.9%</u>	<u>0.028</u>	3.2%
	<u>\$ 6.883</u>	<u>100.0%</u>	<u>\$ 5.565</u>	<u>100.0%</u>	<u>\$1.318</u>	23.7%

*Excludes branches acquired during the four quarters prior to the start of fiscal 2012.

Note: Some totals above may not foot due to rounding.

Earnings Before Interest, Taxes, Depreciation and Amortization and Stock-Based Compensation ("Adjusted EBITDA")
Unaudited
(Dollars in thousands)

	<u>Three Months Ended March 31,</u>		<u>Six Months Ended March 31,</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Net income (loss)	\$ 3,144	\$ (6,177)	\$ 22,259	\$ 3,875
Interest expense	3,279	3,186	6,559	6,655
Income taxes	3,330	(3,841)	15,275	2,478
Depreciation and amortization	5,979	6,183	12,034	12,636
Adjustment of liability for contingent consideration	-	-	(1,000)	-
Stock-based compensation	2,030	1,523	3,777	2,969
Adjusted EBITDA (1)	<u>\$ 17,762</u>	<u>\$ 874</u>	<u>\$ 58,904</u>	<u>\$ 28,613</u>

(1) Adjusted EBITDA is defined as net income (loss) plus interest expense (net of interest income), income taxes, depreciation and amortization, adjustment of liability for contingent consideration, and stock-based compensation. EBITDA is a measure commonly used in the distribution industry, and we present Adjusted EBITDA to enhance your understanding of our operating performance. Adjusted EBITDA is used in our bank covenants and we use Adjusted EBITDA as an internal performance measurement and as one criterion for evaluating our performance relative to that of our peers. We believe that Adjusted EBITDA is an operating performance measure that provides investors and analysts with a measure of operating results unaffected by differences in capital structures, capital investment cycles, and ages of related assets among otherwise comparable companies. Further, we believe that Adjusted EBITDA is a useful measure because it improves comparability of results of operations, since purchase accounting used for acquisitions can render depreciation and amortization non-comparable between periods. Management uses these supplemental measures to evaluate performance period over period and to analyze the underlying trends in the Company's business and to establish operational goals and forecasts that are used in allocating resources. We expect to compute our non-GAAP financial measures using the same consistent method from quarter to quarter and year to year.

While we believe Adjusted EBITDA is a useful measure for investors, it is not a measurement presented in accordance with United States generally accepted accounting principles, or GAAP. You should not consider Adjusted EBITDA in isolation or as a substitute for net income, cash flows from operations, or any other items calculated in accordance with GAAP. In addition, Adjusted EBITDA has inherent material limitations as a performance measure. It does not include interest expense and, because we have borrowed money, interest expense is a necessary element of our costs. In addition, Adjusted EBITDA does not include depreciation and amortization expense. Because we have capital and intangible assets, depreciation and amortization expense is a necessary element of our costs. Adjusted EBITDA also does not include stock-based compensation, which is a necessary element of our costs since we make stock awards to key members of management as an important incentive to maximize overall company performance and as a benefit. Moreover, Adjusted EBITDA does not include taxes, and payment of taxes is a necessary element of our operations. Accordingly, since Adjusted EBITDA excludes these items, it has material limitations as a performance measure. The Company's management separately monitors capital expenditures, which impact depreciation expense, as well as amortization expense, interest expense, and income tax expense. Because not all companies use identical calculations, our presentation of Adjusted EBITDA may not be comparable to other similarly titled measures of other companies.

BECN-F

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