



Beacon Roofing Supply, Inc.

August 7, 2012

Beacon Roofing Supply Reports Third Quarter 2012 Results

- **Record third quarter sales of \$561 million vs. \$541 million.**
- **Record third quarter EPS of \$0.53 (\$0.62 adjusted) vs. \$0.51.**
- **Record nine-month EPS of \$1.00 (\$1.07 adjusted) vs. \$0.60.**
- **Nine-month existing market sales up 12%.**

PEABODY, Mass.--(BUSINESS WIRE)-- Reissuing release to add ticker symbol for searching purposes.

The release reads:

BEACON ROOFING SUPPLY REPORTS THIRD QUARTER 2012 RESULTS

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- **Record third quarter EPS of \$0.53 (\$0.62 adjusted) vs. \$0.51.**
- **Record nine-month EPS of \$1.00 (\$1.07 adjusted) vs. \$0.60.**
- **Nine-month existing market sales up 12%.**

Beacon Roofing Supply, Inc. (the "Company") (NASDAQ: BECN) announced results today for its third quarter and nine months ended June 30, 2012 of the fiscal year ending September 30, 2012 ("fiscal 2012").

Paul Isabella, the Company's President & Chief Executive Officer, stated: "We are very pleased with our record quarter and year-to-date results, which, after adjusting for special charges, significantly exceeded our expectations once again. Most of our regions are having an exceptional year. Our total sales have benefited from the positive impact from acquisitions, while our sales in existing markets for the third quarter fell only 1.5%. Sales in our existing markets were up against a very strong 11.6% increase in last year's third quarter, when there was substantial roofing activities beginning in June from the Spring 2011 hail storms. In addition, the much warmer winter conditions this year brought some roofing and exterior remodeling activities into our second quarter that would have otherwise been performed in our third quarter. Year-over-year price increases in our industry flattened in the third quarter but average selling prices were still slightly higher than last year. Our gross margin and operating margin continued to improve. Our new credit facility and strong balance sheet are enabling us to accelerate our growth, as we did with our most recent acquisitions of Structural Materials Company in Southern California in early July and Contractors Roofing & Supply Co. in St. Louis last week. We are confident that we will add other quality companies in the near future that fit our target acquisition profile. Although we will be up against tough comparisons again in the fourth quarter, we expect a solid finish to fiscal 2012."

Third Quarter

Total sales increased 3.7% to \$560.5 million in 2012 from \$540.7 million in 2011. Existing market (organic) sales, which exclude branches acquired after the beginning of last year's third quarter, declined 1.5%. In existing markets, residential roofing product sales increased 1.7%, while non-residential roofing and complementary product sales decreased 4.9% and 3.0%, respectively. This year's third quarter sales were primarily impacted by lower non-residential roofing activity and less residential roofing activity in the markets affected by last Spring's hail storms, partially offset by the benefit of higher average selling prices.

Net income for the third quarter was \$25.4 million compared to \$24.1 million in 2011. Third quarter diluted net income per share was a record \$0.53 compared to \$0.51 in 2011. The higher net income was due to the higher sales and gross margin rate, partially offset by the impact from certain charges, higher operating expenses and a higher income tax provision compared to 2011. Earnings in the third quarter of fiscal 2012 were impacted by the following charges: \$4.9 million (\$3.0 million net of tax), or approximately \$0.06 diluted earnings per share, for the recognition of the fair value of certain interest rate derivatives and

other charge in interest expense and other financing costs resulting from the Company's refinancing in April 2012; and \$1.3 million, or approximately \$0.03 diluted earnings per share, from the increase in the liability for consideration due for the Enercon acquisition.

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 \$60.2 million in 2012 compared to \$50.8 million in 2011, an 18.4% increase.

Nine Months

Total sales increased 16.4% to \$1.45 billion in 2012 from \$1.24 billion in 2011. Existing market sales increased 11.7%. In existing markets, residential and non-residential roofing product sales increased 19.4% and 7.3%, respectively, while complementary product sales declined 0.2%. Year-to-date sales were favorably impacted by increased re-roofing and remodeling activities in the first half of the this year, 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.

Year-to-date net income was \$47.7 million compared to \$28.0 million in 2011. Year-to-date diluted net income per share was \$1.00 compared to \$0.60 per share in 2011. The higher net income was due to the higher sales and gross margin rate, partially offset by the impact from the special third quarter charges, higher operating expenses and a higher income tax provision.

Adjusted EBITDA for the nine months was \$119.1 million in 2012 compared to \$79.4 million in 2011, an increase of 49.9%.

Cash flow from operations was \$35.3 million compared to \$37.7 million in 2011. This slight decline in operating cash flows was influenced mostly by the impact from less favorable changes in working capital, partially offset by the impact from the higher net income and from higher non-cash charges this year. Cash on hand decreased by \$76.7 million to \$31.2 million at June 30, 2012 compared to \$108.0 million at June 30, 2011, due primarily to a significant paydown of debt this year (net of new borrowings) and the costs of the acquisitions made since last year.

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 719-325-2204. 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 208 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				Nine Months Ended			
	June 30, 2012	% of Net Sales	June 30, 2011	% of Net Sales	June 30, 2012	% of Net Sales	June 30, 2011	% of Net Sales
Net sales	\$ 560,526	100.0%	\$ 540,747	100.0%	\$ 1,445,537	100.0%	\$ 1,241,861	100.0%
Cost of products sold	419,790	74.9%	414,030	76.6%	1,093,760	75.7%	955,107	76.9%

Gross profit	140,736	25.1%	126,717	23.4%	351,777	24.3%	286,754	23.1%
Operating expenses	89,459	16.0%	83,585	15.5%	256,407	17.7%	230,614	18.6%
Income from operations	51,277	9.1%	43,132	8.0%	95,370	6.6%	56,140	4.5%
Interest expense	8,158	1.5%	3,326	0.6%	14,717	1.0%	9,981	0.8%
Income before income taxes	43,119	7.7%	39,806	7.4%	80,653	5.6%	46,159	3.7%
Income tax expense	17,704	3.2%	15,718	2.9%	32,979	2.3%	18,196	1.5%
Net income	<u>\$ 25,415</u>	<u>4.5%</u>	<u>24,088</u>	<u>4.5%</u>	<u>\$ 47,674</u>	<u>3.3%</u>	<u>\$ 27,963</u>	<u>2.3%</u>
Net income per share:								
Basic	<u>\$ 0.54</u>		<u>\$ 0.52</u>		<u>\$ 1.02</u>		<u>\$ 0.61</u>	
Diluted	<u>\$ 0.53</u>		<u>\$ 0.51</u>		<u>\$ 1.00</u>		<u>\$ 0.60</u>	
Weighted average shares used in computing net income per share:								
Basic	<u>46,910,336</u>		<u>45,990,255</u>		<u>46,542,158</u>		<u>45,848,209</u>	
Diluted	<u>47,897,609</u>		<u>46,809,289</u>		<u>47,485,574</u>		<u>46,678,582</u>	

BEACON ROOFING SUPPLY, INC
Condensed Consolidated Balance Sheets

Unaudited
(Dollars in thousands)

	<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>September 30, 2011</u>
Assets			
Current assets:			
Cash and cash equivalents	\$ 31,243	\$ 107,982	\$ 143,027
Accounts receivable, net	279,304	296,208	280,322
Inventories	284,412	269,469	202,474
Prepaid expenses and other assets	58,332	51,711	37,573
Deferred income taxes	14,258	15,418	15,469
Total current assets	<u>667,549</u>	<u>740,788</u>	<u>678,865</u>
Property and equipment, net	52,526	47,326	47,427
Goodwill	425,190	380,788	380,916
Other assets, net	<u>76,822</u>	<u>53,167</u>	<u>49,756</u>
Total assets	<u>\$ 1,222,087</u>	<u>\$ 1,222,069</u>	<u>\$ 1,156,964</u>
Liabilities and stockholders' equity			
Current liabilities:			
Accounts payable	\$ 214,865	\$ 240,012	\$ 182,523
Accrued expenses	79,450	100,760	69,906
Borrowings under revolving lines of credit	44,900	71	28
Current portion of long-term obligations	15,255	8,852	15,577
Total current liabilities	<u>354,470</u>	<u>349,695</u>	<u>268,034</u>
Senior notes payable and other obligations, net of current portion	219,205	320,618	311,511
Deferred income taxes	39,941	41,613	38,992

Stockholders' equity:			
Common stock	470	461	462
Additional paid-in capital	266,007	245,661	248,260
Retained earnings	340,784	261,853	293,110
Accumulated other comprehensive income (loss)	1,210	2,168	(3,405)
Total stockholders' equity	<u>608,471</u>	<u>510,143</u>	<u>538,427</u>
Total liabilities and stockholders' equity	<u>\$ 1,222,087</u>	<u>\$ 1,222,069</u>	<u>\$ 1,156,964</u>

BEACON ROOFING SUPPLY, INC
Condensed Consolidated Statements of Cash Flows

Unaudited (In thousands)	Nine Months Ended	
	June 30, 2012	June 30, 2011
Operating activities:		
Net income	\$ 47,674	\$ 27,963
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	17,795	18,795
Stock-based compensation	5,651	4,511
Adjustment of liability for contingent consideration	250	-
Certain interest expense and other financing costs	5,171	-
Gain on sale of assets	(899)	(641)
Deferred income taxes	254	(1,638)
Changes in assets and liabilities, net of the effects of businesses acquired:		
Accounts receivable	19,790	(49,541)
Inventories	(62,081)	(99,642)
Prepaid expenses and other assets	(19,393)	(6,258)
Accounts payable and accrued expenses	21,116	144,170
Net cash provided by operating activities	<u>35,328</u>	<u>37,719</u>
Investing activities:		
Purchases of property and equipment	(12,242)	(9,859)
Acquisition of business	(94,481)	(34,848)
Proceeds from sales of assets	996	1,408
Net cash used by investing activities	<u>(105,727)</u>	<u>(43,299)</u>
Financing activities:		
Borrowings (repayments) under revolving lines of credit, net	44,872	(7)
Repayments under senior notes payable and other, net	(93,693)	(8,787)
Deferred financing costs	(5,088)	-
Proceeds from exercises of options	11,084	4,365
Income tax benefit from stock-based compensation deductions in excess of the associated compensation costs	1,020	652
Net cash used by financing activities	<u>(41,805)</u>	<u>(3,777)</u>
Effect of exchange rate changes on cash	420	203
Net decrease in cash and cash equivalents	(111,784)	(9,154)
Cash and cash equivalents at beginning of period	143,027	117,136
Cash and cash equivalents at end of period	<u>\$ 31,243</u>	<u>\$ 107,982</u>

Unaudited**Consolidated Sales by Product Line****Three Months Ended**

(dollars in millions)	June 30, 2012		June 30, 2011		Change	
	Net Sales	Mix %	Net Sales	Mix %		
Residential roofing products	\$ 287.1	51.2%	\$ 262.6	48.6%	\$ 24.5	9.3%
Non-residential roofing products	203.5	36.3%	209.6	38.8%	(6.1)	-2.9%
Complementary building products	69.9	12.5%	68.5	12.7%	1.4	2.0%
	<u>\$ 560.5</u>	<u>100.0%</u>	<u>\$ 540.7</u>	<u>100.0%</u>	<u>\$ 19.8</u>	<u>3.7%</u>

Consolidated Sales by Product Line for Existing Markets***Three Months Ended**

(dollars in millions)	June 30, 2012		June 30, 2011		Change	
	Net Sales	Mix %	Net Sales	Mix %		
Residential roofing products	\$ 259.8	49.5%	\$ 255.4	47.9%	\$ 4.4	1.7%
Non-residential roofing products	199.1	37.9%	209.3	39.3%	(10.2)	-4.9%
Complementary building products	66.3	12.6%	68.3	12.8%	(2.0)	-3.0%
	<u>\$ 525.2</u>	<u>100.0%</u>	<u>\$ 533.0</u>	<u>100.0%</u>	<u>\$ (7.8)</u>	<u>-1.5%</u>

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

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

BEACON ROOFING SUPPLY, INC**Unaudited****Consolidated Sales by Product Line****Nine Months Ended**

(dollars in millions)	June 30, 2012		June 30, 2011		Change	
	Net Sales	Mix %	Net Sales	Mix %		
Residential roofing products	\$ 721.5	49.9%	\$ 567.8	45.7%	\$153.7	27.1%
Non-residential roofing products	538.3	37.2%	493.9	39.8%	44.4	9.0%
Complementary building products	185.7	12.8%	180.1	14.5%	5.6	3.1%
	<u>\$ 1,445.5</u>	<u>100.0%</u>	<u>\$ 1,241.8</u>	<u>100.0%</u>	<u>\$203.7</u>	<u>16.4%</u>

Consolidated Sales by Product Line for Existing Markets***Nine Months Ended**

(dollars in millions)	June 30, 2012		June 30, 2011		Change	
	Net Sales	Mix %	Net Sales	Mix %		

Residential roofing products	\$	669.7	48.6%	\$	560.6	45.4%	\$109.0	19.4%
Non-residential roofing products		529.4	38.4%		493.6	40.0%	35.9	7.3%
Complementary building products		179.5	13.0%		179.9	14.6%	(0.4)	-0.2%
	\$	<u>1,378.6</u>	<u>100.0%</u>	\$	<u>1,234.1</u>	<u>100.0%</u>	<u>\$144.5</u>	<u>11.7%</u>

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

(dollars in millions)	June 30, 2012		June 30, 2011		Change	
	Net Sales	Mix %	Net Sales	Mix %		
Residential roofing products	\$ 3.562	48.6%	\$ 2.951	45.4%	\$0.611	20.7%
Non-residential roofing products	2.816	38.4%	2.598	40.0%	0.218	8.4%
Complementary building products	0.955	13.0%	0.947	14.6%	0.008	0.8%
	\$ 7.333	<u>100.0%</u>	\$ 6.496	<u>100.0%</u>	<u>\$0.837</u>	<u>12.9%</u>

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

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

BEACON ROOFING SUPPLY, INC.

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

Unaudited

(Dollars in thousands, except per share amounts)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2012	2011	2012	2011
Net income	\$ 25,415	\$ 24,088	\$ 47,674	\$ 27,963
Interest expense and other financing costs	8,158	3,326	14,717	9,981
Income taxes	17,704	15,718	32,979	18,196
Depreciation and amortization	5,761	6,159	17,795	18,795
Adjustment of liability for contingent consideration	1,250	-	250	-
Stock-based compensation	1,874	1,542	5,651	4,511
Adjusted EBITDA (1)	<u>\$ 60,162</u>	<u>\$ 50,833</u>	<u>\$ 119,066</u>	<u>\$ 79,446</u>

(1) Adjusted EBITDA is defined as net income (loss) plus interest expense and other financing costs (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 other financing costs, 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.

BEACON ROOFING SUPPLY, INC.

Adjusted Diluted Net Income per Share ("Adjusted Earnings per Share")

Unaudited

(Dollars in thousands except per share amounts)

	<u>Three Months Ended June 30,</u>				<u>Nine Months Ended June 30,</u>			
	<u>2012</u>	<u>Diluted EPS</u>	<u>2011</u>	<u>Diluted EPS</u>	<u>2012</u>	<u>Diluted EPS</u>	<u>2011</u>	<u>Diluted EPS</u>
Net income	\$ 25,415	\$ 0.53	\$ 24,088	\$ 0.51	\$ 47,674	\$ 1.00	\$ 27,963	\$ 0.60
Company adjustments, net of income taxes:								
Fair value of certain interest rate derivatives and charge associated with refinancing	2,949	0.06	-	-	2,949	0.06	-	-
Increase in liability for purchase consideration	1,250	0.03	-	-	250	0.01	-	-
Adjusted diluted net income	<u>\$ 29,614</u>	<u>\$ 0.62</u>	<u>\$ 24,088</u>	<u>\$ 0.51</u>	<u>\$ 50,873</u>	<u>\$ 1.07</u>	<u>\$ 27,963</u>	<u>\$ 0.60</u>

Note: The Company's management believes that "Adjusted Earnings per Share," which excludes certain events such as the recognition of the fair value of certain interest rate derivatives in interest expense and other financing costs, the Company's refinancing charge in April 2012, and increases and decreases in the liability for consideration due for the Enercon acquisition, is useful to investors because it permits investors to better understand year-over-year changes in underlying operating performance. While management believes Adjusted Earnings per Share (EPS) is a useful measure for investors, it is not a measurement presented in accordance with United States generally accepted accounting principles (GAAP). You should not consider Adjusted Earnings per Share in isolation or as a substitute for diluted earning per share calculated in accordance with GAAP.

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