



Beacon Roofing Supply, Inc.

Beacon Roofing Supply Reports Fourth Quarter and Annual 2009 Results

- **Record year 2009 earnings per share, up 28% from 2008.**
- **Cash on hand builds to \$83 million from \$26 million.**
- **Fourth quarter net sales of \$488 million vs. \$567 million.**
- **Fourth quarter EPS of \$0.42 vs. \$0.55.**
- **Fourth quarter operating expenses down 16%.**

PEABODY, Mass., Dec 01, 2009 (BUSINESS WIRE) -- Beacon Roofing Supply, Inc. (the "Company") (NASDAQ: BECN) announced results today for its fourth quarter and fiscal year ended September 30, 2009.

Robert Buck, the Company's Chairman & Chief Executive Officer, stated: "We are very pleased to deliver record annual earnings for our shareholders in a still very difficult economic climate, and I congratulate our employees for their hard work and dedication in achieving these results. Our focus on cost controls, exceptional customer service and working capital management during 2009 has positioned us well to continue to deliver solid results, grow our Company, and increase shareholder value in 2010 even amidst the continuing softness in new residential and commercial construction."

Fourth Quarter

Fourth quarter sales declined 14.0% to \$487.7 million in 2009 from \$567.2 million in 2008. Residential roofing sales decreased 6.7% while non-residential roofing and complementary product sales declined 21.2% and 17.8%, respectively. All three major product lines were impacted by economic conditions this year and lower levels of new construction and remodeling. Residential roofing sales also faced a 36.8% increase in last year's fourth quarter, which resulted from significant manufacturer price increases and strong re-roofing activity in storm-affected regions. The Company also operated six fewer branches for most of 2009. This year's fourth quarter residential roofing sales benefited only slightly from price increases.

The Company's net income for the fourth quarter was \$19.0 million compared to \$24.9 million in 2008, down 23.7%. Diluted net income per share declined 23.6% to \$0.42 compared to \$0.55 in 2008.

Fiscal Year

Net income in 2009 was a record \$52.4 million compared to \$40.3 million in 2008, up 30.1%. Diluted net income per share increased by 27.8% to a record \$1.15 from \$0.90 in 2008.

Annual sales declined 2.8% to \$1.73 billion in 2009 from \$1.78 billion in 2008. Residential roofing sales increased 18.3% while non-residential roofing and complementary product sales declined 17.1% and 21.6%, respectively. Annual 2009 sales were subject to the same influences as fourth quarter sales, although sales in the first part of 2009 benefited more from estimated inflation and business from Hurricane Ike.

Earnings before interest, taxes, depreciation and amortization, and stock-based compensation or "Adjusted EBITDA," which is reconciled to net income in this press release, was \$144.4 million in 2009 compared to \$133.8 million in 2008, an increase of 7.9%.

Cash flow from operations increased to \$87.6 million from \$49.6 million in 2008. This increase was attributable, in part, to the increase in operating income and declines in accounts receivable and inventories. These factors were partially offset by reductions in accounts payable and accrued expenses, including the impact of lower purchases, some early payments made on accounts payable to certain vendors for discounted terms, and higher income tax payments. There was \$82.7 million of cash on hand at the end of 2009 compared to \$26.0 million at the end of 2008.

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 800-390-5108 (international dial-in number 719-325-2479). 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 172 branches in 37 states in the United States and in three provinces in Eastern 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.

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BEACON ROOFING SUPPLY, INC
Condensed Consolidated Statements of Operations
(Dollars in thousands, except per share data)

	Fourth Quarter Ended				Fiscal Year Ended			
	September 30, 2009	% of Net Sales	September 30, 2008	% of Net Sales	September 30, 2009	% of Net Sales	September 30, 2008	% of Net Sales
Net sales	\$ 487,749	100.0%	\$ 567,201	100.0%	\$ 1,733,967	100.0%	\$ 1,784,495	100.0%
Cost of products sold	374,728	76.8%	427,452	75.4%	1,322,845	76.3%	1,364,487	76.5%
Gross profit	113,021	23.2%	139,749	24.6%	411,122	23.7%	420,008	23.5%
Operating expenses	76,531	15.7%	90,809	16.0%	301,913	17.4%	325,298	18.2%
Income from operations	36,490	7.5%	48,940	8.6%	109,209	6.3%	94,710	5.3%
Interest expense	5,583	1.1%	6,190	1.1%	22,887	1.3%	25,904	1.5%
Income before income taxes	30,907	6.3%	42,750	7.5%	86,322	5.0%	68,806	3.9%
Income taxes	11,875	2.4%	17,817	3.1%	33,904	2.0%	28,500	1.6%
Net income	\$ 19,032	3.9%	\$ 24,933	4.4%	\$ 52,418	3.0%	\$ 40,306	2.3%
Net income per share:								
Basic	\$ 0.42		\$ 0.56		\$ 1.16		\$ 0.91	
Diluted	\$ 0.42		\$ 0.55		\$ 1.15		\$ 0.90	
Weighted average shares used in computing net income per share:								
Basic	45,165,603		44,346,293		45,007,313		44,346,293	

Diluted	45,640,450	44,959,357	45,493,786	44,959,357
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Note: Percentages may not total due to rounding.

BEACON ROOFING SUPPLY, INC
Condensed Consolidated Balance Sheets

(In thousands)	<u>September 30, 2009</u>	<u>September 30, 2008</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 82,742	\$ 26,038
Accounts receivable, net	227,379	283,652
Inventories	195,011	209,255
Prepaid expenses and other assets	52,714	45,799
Deferred income taxes	19,323	18,126
Total current assets	<u>577,169</u>	<u>582,870</u>
Property and equipment, net	52,965	56,712
Goodwill	354,193	354,269
Other assets, net	<u>56,459</u>	<u>73,965</u>
Total assets	<u>\$ 1,040,786</u>	<u>\$ 1,067,816</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 151,683	\$ 198,429
Accrued expenses	75,536	89,755
Current portion of long-term obligations	15,092	19,926
Total current liabilities	<u>242,311</u>	<u>308,110</u>
Senior notes payable and other obligations, net of current portion	338,347	357,643
Deferred income taxes	36,555	35,362
Common stock	452	448
Additional paid-in capital	226,793	219,669
Retained earnings	199,364	146,946
Accumulated other comprehensive loss	(3,036)	(362)
Total stockholders' equity	<u>423,573</u>	<u>366,701</u>
Total liabilities and stockholders' equity	<u>\$ 1,040,786</u>	<u>\$ 1,067,816</u>

BEACON ROOFING SUPPLY, INC
Condensed Consolidated Statements of Cash Flows

(In thousands)	Fiscal Year Ended	
	September 30, 2009	September 30, 2008
Operating activities:		
Net income	\$ 52,418	\$ 40,306
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	30,389	34,240
Stock-based compensation	4,780	4,861
Deferred income taxes	(599)	(2,838)
Changes in assets and liabilities, net of the effects of acquisitions:		
Accounts receivable	56,143	(17,434)
Inventories	14,168	(44,050)
Prepaid expenses and other assets	(2,256)	(9,645)
Accounts payable and accrued expenses	(67,467)	44,127
Net cash provided by operating activities	87,576	49,567
Investing activities:		
Purchases of property and equipment	(13,656)	(5,739)
Financing activities:		
Repayments under revolving lines of credit	(4,955)	(20,899)
Repayments under senior notes & other	(14,969)	(6,131)
Proceeds from exercise of options	1,717	1,302
Income tax benefit from stock-based compensation deductions in excess of the associated compensation cost	631	1,944
Net cash used by financing activities	(17,576)	(23,784)
Effect of exchange rate changes on cash	360	(475)
Net increase in cash and cash equivalents	56,704	19,569
Cash and cash equivalents at beginning of period	26,038	6,469
Cash and cash equivalents at end of period	\$ 82,742	\$ 26,038

BEACON ROOFING SUPPLY, INC
Consolidated Sales by Product Line-Unaudited

For the Fourth Quarter Ended:

(dollars in millions)	September 30, 2009		September 30, 2008		Change	
	Net Sales	Mix %	Net Sales	Mix %		
Residential roofing products	\$ 244.8	50.2%	\$ 262.3	46.2%	\$(17.5)	-6.7%
Non-residential roofing products	176.8	36.3%	224.5	39.6%	(47.7)	-21.2%
Complementary building products	66.1	13.6%	80.4	14.2%	(14.3)	-17.8%
	\$ 487.7	100.0%	\$ 567.2	100.0%	\$(79.5)	-14.0%

Note: Percentages may not total due to rounding.

BEACON ROOFING SUPPLY, INC
Consolidated Sales by Product Line-Unaudited

For the Fiscal Years Ended:

(dollars in millions)	September 30, 2009		September 30, 2008		Change	
	Net Sales	Mix %	Net Sales	Mix %		
Residential roofing products	\$ 897.4	51.8%	\$ 758.5	42.5%	\$ 138.9	18.3%
Non-residential roofing products	599.6	34.6%	723.7	40.6%	(124.1)	-17.1%
Complementary building products	237.0	13.7%	302.3	16.9%	(65.3)	-21.6%
	<u>\$ 1,734.0</u>	<u>100.0%</u>	<u>\$ 1,784.5</u>	<u>100.0%</u>	<u>\$ (50.5)</u>	<u>-2.8%</u>

Note: Percentages may not total due to rounding.

Beacon Roofing Supply, Inc.

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

Unaudited

(Dollars in thousands)

	Three Months Ended September 30,		Fiscal Year Ended September 30,	
	2009	2008	2009	2008
Net income	\$ 19,032	\$ 24,933	\$ 52,418	\$ 40,306
Interest expense, net	5,583	6,190	22,887	25,904
Income taxes	11,875	17,817	33,904	28,500
Depreciation and amortization	7,554	8,486	30,389	34,240
Stock-based compensation	1,154	1,089	4,780	4,861
Adjusted EBITDA (1)	<u>\$ 45,198</u>	<u>\$ 58,515</u>	<u>\$ 144,378</u>	<u>\$ 133,811</u>

(1) Adjusted EBITDA is defined as net income plus interest expense (net of interest income), income taxes, depreciation and amortization and stock-based compensation (i.e. stock option expense). 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 provide stock options 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.

SOURCE: Beacon Roofing Supply, Inc.

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