



## Beacon Roofing Supply, Inc.

### Beacon Roofing Supply Reports First Quarter Results

- **First quarter net sales of \$405 million vs. \$368 million.**
- **First quarter EPS of \$0.22 vs. \$0.17.**
- **First quarter existing market sales up 6.6%.**
- **Cash on hand builds to \$176 million.**

PEABODY, Mass.--(BUSINESS WIRE)-- Beacon Roofing Supply, Inc. (the "Company") (NASDAQ: BECN) announced results today for its fiscal 2011 first quarter ended December 31, 2010.

Paul Isabella, the Company's President & Chief Executive Officer, stated: "Our first quarter 2011 results exceeded our expectations. Our commercial and complementary businesses bounced back well from low prior year levels and some of our regions experienced healthy gains in residential business as well. We continued to tightly control our operating expenses, and we increased our cash holdings by another \$59 million in the first quarter. Our gross margin improved significantly from recent quarters, and we are optimistic about fiscal year 2011 based on the good start to the year."

#### First Quarter

Total sales increased 10.1% to \$404.8 million in 2011 from \$367.7 million in 2010, while existing market (organic) sales increased 6.6%. Existing market results exclude seven branches acquired subsequent to December 31, 2009. Non-residential roofing and complementary product sales in existing markets increased 13.6% and 12.1%, respectively, while residential roofing sales decreased 0.8%. Residential roofing sales continued to be especially weak in markets affected by storms in 2009.

Net income for the first quarter was \$10.1 million compared to \$7.8 million in 2010, an increase of 28.4%. Diluted net income per share was \$0.22 compared to \$0.17 in 2010, an increase of 29.4%. The improved net income was due to the higher sales along with lower interest expense, partially offset by the impact from a lower gross margin rate, compared to last year's first quarter, as well as higher expenses and income taxes.

Earnings before interest, taxes, depreciation and amortization, and stock-based compensation ("Adjusted EBITDA"), which is reconciled to the net income in this press release, were \$27.7 million in 2011 compared to \$27.1 million in 2010, an improvement of 2.5%.

Cash flow from operations was \$57.5 million compared to \$29.5 million in 2010. This year's cash flows were influenced mostly by a lower reduction in accounts payable and accrued expenses compared to last year, partially offset by an unfavorable impact from lower decreases in accounts receivable and inventories this year. Cash on hand increased by \$65.4 million to \$175.7 million at December 31, 2010 compared to \$110.2 million at December 31, 2009.

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 720-545-0063. 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 177 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.

**BEACON ROOFING SUPPLY, INC**  
**Condensed Consolidated Statements of Operations**

<b>Unaudited</b> <b>(Dollars in thousands, except per share data)</b>	<b>Three Months Ended</b>			
	<b>December 31, 2010</b>	<b>% of Net Sales</b>	<b>December 31, 2009</b>	<b>% of Net Sales</b>
Net sales	\$ 404,793	100.0%	\$ 367,721	100.0%
Cost of products sold	309,983	76.6%	279,380	76.0%
Gross profit	94,810	23.4%	88,341	24.0%
Operating expenses	74,970	18.5%	69,829	19.0%
Income from operations	19,840	4.9%	18,512	5.0%
Interest expense	3,469	0.9%	5,587	1.5%
Income before income taxes	16,371	4.0%	12,925	3.5%
Income tax expense	6,319	1.6%	5,098	1.4%
Net income	<u>\$ 10,052</u>	<u>2.5%</u>	<u>\$ 7,827</u>	<u>2.1%</u>
Net income per share:				
Basic	<u>\$ 0.22</u>		<u>\$ 0.17</u>	
Diluted	<u>\$ 0.22</u>		<u>\$ 0.17</u>	
Weighted average shares used in computing net income per share:				
Basic	<u>45,754,466</u>		<u>45,281,263</u>	
Diluted	<u>46,167,814</u>		<u>45,713,213</u>	

**BEACON ROOFING SUPPLY, INC**  
**Condensed Consolidated Balance Sheets**

<b>Unaudited</b> <b>(Dollars in thousands)</b>	<b>December 31, 2010</b>	<b>December 31, 2009</b>	<b>September 30, 2010</b>
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 175,674	\$ 110,231	\$ 117,136
Accounts receivable, net	184,546	158,868	241,341
Inventories	155,190	173,236	158,774
Prepaid expenses and other assets	49,152	50,623	43,115
Deferred income taxes	16,680	16,671	17,178
Total current assets	<u>581,242</u>	<u>509,629</u>	<u>577,544</u>
Property and equipment, net	44,746	49,425	47,751
Goodwill	365,650	354,426	365,061
Other assets, net	<u>48,927</u>	<u>53,750</u>	<u>51,833</u>

Total assets	\$ 1,040,565	\$ 967,230	\$ 1,042,189
<b>Liabilities and stockholders' equity</b>			
Current liabilities:			
Accounts payable	\$ 128,121	\$ 86,404	\$ 144,064
Accrued expenses	49,876	55,581	50,132
Current portion of long-term obligations	16,058	15,183	15,734
Total current liabilities	194,055	157,168	209,930
Senior notes payable and other obligations, net of current portion	322,364	336,316	323,681
Deferred income taxes	39,885	36,235	39,734
Stockholders' equity:			
Common stock	458	453	457
Additional paid-in capital	238,778	228,968	236,136
Retained earnings	243,942	207,191	233,890
Accumulated other comprehensive income (loss)	1,083	899	(1,639)
Total stockholders' equity	484,261	437,511	468,844
Total liabilities and stockholders' equity	\$ 1,040,565	\$ 967,230	\$ 1,042,189

**BEACON ROOFING SUPPLY, INC**  
**Condensed Consolidated Statements of Cash Flows**

<b>Unaudited</b> <b>(In thousands)</b>	<b>Three Months Ended</b>	
	<b>December 31, 2010</b>	<b>December 31, 2009</b>
<b>Operating activities:</b>		
Net income	\$ 10,052	\$ 7,827
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	6,453	7,129
Stock-based compensation	1,446	1,427
Gain on sale of assets	(325)	(66)
Deferred income taxes	(541)	(538)
Changes in assets and liabilities, net of the effects of businesses acquired:		
Accounts receivable	57,367	68,905
Inventories	3,528	22,270
Prepaid expenses and other assets	(5,282)	2,151
Accounts payable and accrued expenses	(15,185)	(79,588)
Net cash provided by operating activities	57,513	29,517
<b>Investing activities:</b>		
Purchases of property and equipment	(862)	(660)
Acquisition of business	-	(385)
Proceeds from asset sales	923	101
Net cash provided by (used in) investing activities	61	(944)
<b>Financing activities:</b>		
Repayments under revolving lines of credit, net	(6)	18

Repayments under senior notes payable and other, net	(359)	(1,981)
Proceeds from exercise of options	1,109	664
Income tax benefit from stock-based compensation deductions in excess of the associated compensation costs	88	85
Net cash provided by (used by) financing activities	832	(1,214)
Effect of exchange rate changes on cash	132	130
Net increase (decrease) in cash and cash equivalents	58,538	27,489
Cash and cash equivalents at beginning of period	117,136	82,742
Cash and cash equivalents at end of period	<u>\$ 175,674</u>	<u>\$ 110,231</u>

**BEACON ROOFING SUPPLY, INC**  
**Consolidated Sales by Product Line**

**Unaudited**

**For the Three Months Ended:**

(dollars in millions)	December 31, 2010		December 31, 2009		Change	
	Net Sales	Mix %	Net Sales	Mix %		
Residential roofing products	\$ 175.6	43.4%	\$ 173.5	47.2%	\$ 2.1	1.2%
Non-residential roofing products	167.0	41.3%	139.2	37.9%	27.8	20.0%
Complementary building products	62.2	15.4%	55.0	15.0%	7.2	13.1%
	<u>\$ 404.8</u>	<u>100.0%</u>	<u>\$ 367.7</u>	<u>100.0%</u>	<u>\$ 37.1</u>	<u>10.1%</u>

**Consolidated Sales by Product Line for Existing Markets\***

**For the Three Months Ended:**

(dollars in millions)	December 31, 2010		December 31, 2009		Change	
	Net Sales	Mix %	Net Sales	Mix %		
Residential roofing products	\$ 172.0	43.9%	\$ 173.5	47.2%	\$ (1.5)	-0.8%
Non-residential roofing products	158.1	40.4%	139.2	37.9%	18.9	13.6%
Complementary building products	61.6	15.7%	55.0	15.0%	6.7	12.1%
	<u>\$ 391.8</u>	<u>100.0%</u>	<u>\$ 367.7</u>	<u>100.0%</u>	<u>\$ 24.1</u>	<u>6.6%</u>

\*Excludes branches acquired during the four quarters prior to the start of the first quarter of fiscal 2011.

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)**

	<b>Three Months Ended December 31,</b>	
	<b>2010</b>	<b>2009</b>
Net income	\$ 10,052	\$ 7,827

Interest expense	3,469	5,587
Income taxes	6,319	5,098
Depreciation and amortization	6,453	7,129
Stock-based compensation	1,446	1,427
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Adjusted EBITDA (1)	<u>\$ 27,739</u>	<u>\$ 27,068</u>

(1) Adjusted EBITDA is defined as net income (loss) 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 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.

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Source: Beacon Roofing Supply, Inc.

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