



Beacon Roofing Supply Reports Record Third Quarter Results

- Record third quarter net sales of \$541 million vs. \$474 million, up 14%.
- Record third quarter net income per share of \$0.51 vs. \$0.35, up 46%.
- Third quarter existing market sales up 11.6%.
- Cash on hand at \$108 million.

PEABODY, Mass.--(BUSINESS WIRE)-- Beacon Roofing Supply, Inc. (the "Company") (NASDAQ: BECN) announced results today for its fiscal 2011 third quarter and nine months ended June 30, 2011.

Paul Isabella, the Company's President & Chief Executive Officer, stated: "We had a record third quarter, with most of our regions achieving strong year-over-year results and beating our expectations. Both our residential and non-residential product sales showed double-digit percentage increases, while our complementary product sales were up against business that was favorably impacted by short-term tax incentives last year. Our roofing businesses benefited from a pick-up in volume during the quarter, including some hail storm business, and from industry-wide price increases, although our commercial business has remained consistently strong throughout this year. We were able to use our strong financial position to increase inventories ahead of some vendor price increases, which enabled us to achieve more normal gross margins that were significantly above last year's low rates. We also were able to leverage our expenses to further improve our operating margin. Our cash holdings have increased since last year's third quarter despite two acquisitions made since that time, including the purchase of Enercon Products completed during this year's third quarter. We believe our fourth quarter will remain strong, and we continue to pursue growth opportunities while we focus on maximizing current profitability."

Third Quarter

Total sales increased 14.0% to \$540.7 million in 2011, a record for a third quarter, from \$474.3 million in 2010. Existing market (organic) sales increased 11.6%. Existing market results exclude branches acquired after the beginning of last year's third quarter. In existing markets, residential and non-residential roofing product sales increased 14.6% and 15.4%, respectively, while complementary product sales decreased 6.6% due, in part, to lower remodeling activity resulting from the expiration of last year's short-term tax incentives. Our third quarter roofing sales this year were favorably impacted by higher average selling prices and business in several markets that experienced significant spring hail storms.

Net income for the third quarter was \$24.1 million, also a record for a third quarter, compared to \$16.3 million in 2010, an improvement of 47.9%. Diluted net income per share was \$0.51 compared to \$0.35 in 2010. The higher net income was due to the higher sales and gross margin rate, as well as lower interest expense, partially offset by the impact from higher operating expenses and a higher income tax provision.

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 \$50.8 million in 2011 compared to \$38.2 million in 2010, an increase of 32.9%.

Nine Months

Total sales increased 10.2% to \$1.24 billion in 2011 from \$1.13 billion in 2010, while existing market (organic) sales increased 6.9%. Existing market results exclude branches acquired after the start of fiscal year 2010. In existing markets, residential roofing, non-residential roofing and complementary product sales increased 2.7%, 13.8% and 3.1%, respectively.

Year-to-date net income was \$28.0 million compared to \$17.7 million in 2010, an improvement of 58.3%. Diluted net income per share was \$0.60 compared to \$0.38 in 2010. The higher net income was due to the higher sales, a higher gross margin and lower interest expense, partially offset by the impact from higher operating expenses and a higher income tax provision.

Adjusted EBITDA was \$79.4 million in 2011 compared to \$67.4 million in 2010, an increase of 17.9%.

Cash flow from operations was \$37.7 million compared to \$26.0 million in 2010. This year's operating cash flows were influenced mostly by the higher operating income and a higher increase in accounts payable and accrued expenses compared to last year, partially offset by an unfavorable impact from larger increases in inventories and accounts receivable this year. Cash on hand decreased by \$9.2 million to \$108.0 million at June 30, 2011 compared to \$117.1 million at September 30, 2010 due, in part, to the Enercon acquisition.

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 719-457-2695. 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 185 branches in 37 states in the United States and in five 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

Unaudited (Dollars in thousands, except per share data)	Three Months Ended				Nine Months Ended			
	June 30, 2011		June 30, 2010		June 30, 2011		June 30, 2010	
		% of Net Sales		% of Net Sales		% of Net Sales		% of Net Sales
Net sales	\$ 540,747	100.0%	\$ 474,279	100.0%	\$ 1,241,861	100.0%	\$ 1,127,366	100.0%
Cost of products sold	414,030	76.6%	369,991	78.0%	955,107	76.9%	873,673	77.5%
Gross profit	126,717	23.4%	104,288	22.0%	286,754	23.1%	253,693	22.5%
Operating expenses	83,585	15.5%	74,056	15.6%	230,614	18.6%	210,936	18.7%
Income from operations	43,132	8.0%	30,232	6.4%	56,140	4.5%	42,757	3.8%
Interest expense	3,326	0.6%	3,596	0.8%	9,981	0.8%	14,682	1.3%
Income before income taxes	39,806	7.4%	26,636	5.6%	46,159	3.7%	28,075	2.5%
Income tax expense	15,718	2.9%	10,345	2.2%	18,196	1.5%	10,413	0.9%
Net income	<u>\$ 24,088</u>	<u>4.5%</u>	<u>\$ 16,291</u>	<u>3.4%</u>	<u>\$ 27,963</u>	<u>2.3%</u>	<u>\$ 17,662</u>	<u>1.6%</u>
Net income per share:								
Basic	<u>\$ 0.52</u>		<u>\$ 0.36</u>		<u>\$ 0.61</u>		<u>\$ 0.39</u>	
Diluted	<u>\$ 0.51</u>		<u>\$ 0.35</u>		<u>\$ 0.60</u>		<u>\$ 0.38</u>	
Weighted average shares used in computing net income per share:								
Basic	<u>45,990,255</u>		<u>45,588,778</u>		<u>45,848,209</u>		<u>45,422,222</u>	
Diluted	<u>46,809,289</u>		<u>46,289,811</u>		<u>46,678,582</u>		<u>46,012,172</u>	

BEACON ROOFING SUPPLY, INC
Condensed Consolidated Balance Sheets

Unaudited (Dollars in thousands)	June 30, 2011	June 30, 2010	September 30, 2010
Assets			
Current assets:			
Cash and cash equivalents	\$ 107,982	\$ 82,077	\$ 117,136
Accounts receivable, net	296,208	234,789	241,341
Inventories	269,469	223,458	158,774
Prepaid expenses and other assets	51,711	45,865	43,115
Deferred income taxes	15,418	18,021	17,178
Total current assets	<u>740,788</u>	<u>604,210</u>	<u>577,544</u>
Property and equipment, net	47,326	46,793	47,751
Goodwill	380,788	360,094	365,061
Other assets, net	<u>53,167</u>	<u>50,594</u>	<u>51,833</u>
Total assets	<u>\$ 1,222,069</u>	<u>\$ 1,061,691</u>	<u>\$ 1,042,189</u>
Liabilities and stockholders' equity			
Current liabilities:			
Accounts payable	\$ 240,012	\$ 168,227	\$ 144,064
Accrued expenses	100,760	66,295	50,132
Current portion of long-term obligations	8,923	8,641	15,734
Total current liabilities	<u>349,695</u>	<u>243,163</u>	<u>209,930</u>
Senior notes payable and other obligations, net of current portion	320,618	331,673	323,681
Deferred income taxes	41,613	35,864	39,734
Stockholders' equity:			
Common stock	461	456	457
Additional paid-in capital	245,661	234,772	236,136
Retained earnings	261,853	217,026	233,890
Accumulated other comprehensive income (loss)	2,168	(1,263)	(1,639)
Total stockholders' equity	<u>510,143</u>	<u>450,991</u>	<u>468,844</u>
Total liabilities and stockholders' equity	<u>\$ 1,222,069</u>	<u>\$ 1,061,691</u>	<u>\$ 1,042,189</u>

BEACON ROOFING SUPPLY, INC
Condensed Consolidated Statements of Cash Flows

Unaudited (In thousands)	Nine Months Ended	
	June 30, 2011	June 30, 2010
Operating activities:		
Net income	\$ 27,963	\$ 17,662
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	18,795	20,827
Stock-based compensation	4,511	3,799
Gain on sale of assets	(641)	(424)
Deferred income taxes	(1,638)	(1,421)
Changes in assets and liabilities, net of the effects of businesses acquired:		
Accounts receivable	(49,541)	(1,574)
Inventories	(99,642)	(24,643)
Prepaid expenses and other assets	(6,258)	7,765

Accounts payable and accrued expenses	144,170	4,057
Net cash provided by operating activities	<u>37,719</u>	<u>26,048</u>
Investing activities:		
Purchases of property and equipment	(9,859)	(5,529)
Acquisition of business	(34,848)	(12,613)
Proceeds from sale of assets	1,408	589
Net cash used in investing activities	<u>(43,299)</u>	<u>(17,553)</u>
Financing activities:		
Repayments under revolving lines of credit, net	(7)	(10)
Repayments under senior notes payable and other, net	(8,787)	(13,137)
Proceeds from exercise of options	4,365	3,420
Income tax benefit from stock-based compensation deductions in excess of the associated compensation costs	652	763
Net cash used by financing activities	<u>(3,777)</u>	<u>(8,964)</u>
Effect of exchange rate changes on cash	203	(196)
Net decrease in cash and cash equivalents	(9,154)	(665)
Cash and cash equivalents at beginning of period	117,136	82,742
Cash and cash equivalents at end of period	<u>\$ 107,982</u>	<u>\$ 82,077</u>

BEACON ROOFING SUPPLY, INC

Unaudited

Consolidated Sales by Product Line

For the Third Quarter Ended:

(dollars in millions)	June 30, 2011		June 30, 2010		Change	
	Net Sales	Mix %	Net Sales	Mix %		
Residential roofing products	\$ 262.4	48.5%	\$ 220.9	46.6%	\$41.5	18.8%
Non-residential roofing products	209.8	38.8%	179.5	37.8%	30.3	16.9%
Complementary building products	<u>68.5</u>	<u>12.7%</u>	<u>73.9</u>	<u>15.6%</u>	<u>(5.4)</u>	<u>-7.3%</u>
	<u>\$ 540.7</u>	<u>100.0%</u>	<u>\$ 474.3</u>	<u>100.0%</u>	<u>\$66.4</u>	<u>14.0%</u>

Consolidated Sales by Product Line for Existing Markets*

For the Third Quarter Ended:

(dollars in millions)	June 30, 2011		June 30, 2010		Change	
	Net Sales	Mix %	Net Sales	Mix %		
Residential roofing products	\$ 251.6	48.4%	\$ 219.5	47.1%	\$32.1	14.6%
Non-residential roofing products	201.0	38.6%	174.2	37.4%	26.8	15.4%
Complementary building products	<u>67.5</u>	<u>13.0%</u>	<u>72.2</u>	<u>15.5%</u>	<u>(4.7)</u>	<u>-6.6%</u>
	<u>\$ 520.1</u>	<u>100.0%</u>	<u>\$ 465.9</u>	<u>100.0%</u>	<u>\$54.2</u>	<u>11.6%</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 2011.

Unaudited

Consolidated Sales by Product Line

For the Nine Months Ended:

(dollars in millions)	June 30, 2011		June 30, 2010		Change	
	Net Sales	Mix %	Net Sales	Mix %		
Residential roofing products	\$ 567.5	45.7%	\$ 537.4	47.7%	\$ 30.1	5.6%
Non-residential roofing products	494.2	39.8%	415.8	36.9%	78.4	18.9%
Complementary building products	180.2	14.5%	174.2	15.5%	6.0	3.4%
	<u>\$ 1,241.9</u>	<u>100.0%</u>	<u>\$ 1,127.4</u>	<u>100.0%</u>	<u>\$114.5</u>	10.2%

Consolidated Sales by Product Line for Existing Markets*

For the Nine Months Ended:

(dollars in millions)	June 30, 2011		June 30, 2010		Change	
	Net Sales	Mix %	Net Sales	Mix %		
Residential roofing products	\$ 546.9	45.9%	\$ 532.5	47.8%	\$ 14.4	2.7%
Non-residential roofing products	466.4	39.2%	409.8	36.8%	56.6	13.8%
Complementary building products	177.8	14.9%	172.4	15.5%	5.5	3.1%
	<u>\$ 1,191.2</u>	<u>100.0%</u>	<u>\$ 1,114.7</u>	<u>100.0%</u>	<u>\$ 76.5</u>	6.9%

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

(dollars in millions)	June 30, 2011		June 30, 2010		Change	
	Net Sales	Mix %	Net Sales	Mix %		
Residential roofing products	\$ 2.878	45.9%	\$ 2.818	47.8%	\$0.060	2.1%
Non-residential roofing products	2.455	39.2%	2.168	36.8%	0.287	13.2%
Complementary building products	0.936	14.9%	0.912	15.5%	0.024	2.6%
	<u>\$ 6.269</u>	<u>100.0%</u>	<u>\$ 5.898</u>	<u>100.0%</u>	<u>\$0.371</u>	6.3%

*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)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2011	2010	2011	2010
Net income	\$ 24,088	\$ 16,291	\$ 27,963	\$ 17,662
Interest expense	3,326	3,596	9,981	14,682
Income taxes	15,718	10,345	18,196	10,413
Depreciation and amortization	6,159	6,812	18,795	20,827
Stock-based compensation	1,542	1,192	4,511	3,799
Adjusted EBITDA (1)	<u>\$ 50,833</u>	<u>\$ 38,236</u>	<u>\$ 79,446</u>	<u>\$ 67,383</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. 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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