



## Beacon Roofing Supply, Inc.

### Beacon Roofing Supply Reports First Quarter 2010 Results

- **Net sales of \$368 million vs. \$463 million.**
- **EPS of \$0.17 vs. \$0.41.**
- **Operating expenses down 11%.**
- **Cash on hand builds to \$110 million.**

PEABODY, Mass., Feb 03, 2010 (BUSINESS WIRE) -- Beacon Roofing Supply, Inc. (the "Company") (NASDAQ: BECN) announced results today for its fiscal 2010 first quarter ended December 31, 2009.

Robert Buck, the Company's Chairman & Chief Executive Officer, stated: "We are up against robust prior year results and in a very challenging economic environment. Last year's storm business and inflation benefit had a substantial positive impact on both our sales and margin. Although our income was below last year, it met our first quarter expectations. Our continued focus on cost controls and working capital management also enabled us to increase our cash by \$27 million in the quarter."

First quarter sales declined 20.6% to \$367.7 million in 2009 from \$463.3 million in 2008. Residential roofing sales decreased 26.2% while non-residential roofing and complementary product sales declined 15.5% and 13.5%, respectively. All three major product lines were impacted by economic conditions this year and lower levels of new construction and remodeling. Residential roofing sales were also up against a 58.5% increase in 2008, which resulted from higher average prices and strong re-roofing activity in storm-affected regions, especially from Hurricane Ike in Texas.

The Company's net income for the first quarter was \$7.8 million compared to \$18.6 million in 2008, down 58.0%, due to the decline in sales and a lower gross margin rate, partially offset by lower expenses. Diluted net income per share declined 58.5% to \$0.17 compared to \$0.41 in 2008.

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 \$27.1 million in 2009 compared to \$46.6 million in 2008, a decline of 41.9%.

Cash flow from operations was \$29.6 million compared to \$5.0 million in 2008. This year's first quarter cash flows benefitted from accounts receivable collections, an inventory decline, and a smaller reduction in accounts payable and accrued expenses, including the impact of lower purchases and less income tax payments. There was \$110.2 million of cash on hand at the end of this year's first quarter compared to \$22.1 million at December 31, 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 719-325-2260. 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 173 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**

Unaudited (Dollars in thousands, except per share data)	Three Months Ended			
	December 31, 2009	% of Net Sales	December 31, 2008	% of Net Sales
Net sales	\$ 367,721	100.0%	\$ 463,329	100.0%
Cost of products sold	279,380	76.0%	347,331	75.0%
Gross profit	88,341	24.0%	115,998	25.0%
Operating expenses	69,829	19.0%	78,323	16.9%
Income from operations	18,512	5.0%	37,675	8.1%
Interest expense	5,587	1.5%	6,149	1.3%
Income before income taxes	12,925	3.5%	31,526	6.8%
Income tax expense	5,098	1.4%	12,884	2.8%
Net income	\$ 7,827	2.1%	\$ 18,642	4.0%
Net income per share:				
Basic	\$ 0.17		\$ 0.42	
Diluted	\$ 0.17		\$ 0.41	
Weighted average shares used in computing net income per share:				
Basic	45,281,263		44,822,561	
Diluted	45,713,213		45,316,255	

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

Unaudited (Dollars in thousands)	December 31, 2009	December 31, 2008	September 30, 2009
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 110,231	\$ 22,059	\$ 82,742
Accounts receivable, net	158,868	196,773	227,379
Inventories	173,236	188,462	195,011
Prepaid expenses and other assets	50,623	46,812	52,714
Deferred income taxes	16,671	22,824	19,323
Total current assets	509,629	476,930	577,169
Property and equipment, net	49,425	53,681	52,965
Goodwill	354,426	352,693	354,193
Other assets, net	53,750	70,368	56,459
Total assets	\$ 967,230	\$ 953,672	\$ 1,040,786
<b>Liabilities and stockholders' equity</b>			
Current liabilities:			
Accounts payable	\$ 86,404	\$ 100,084	\$ 151,683
Accrued expenses	55,581	67,685	75,536
Current portion of long-term obligations	15,183	15,028	15,092
Total current liabilities	157,168	182,797	242,311
Senior notes payable and other obligations, net of current portion	336,316	355,657	338,347
Deferred income taxes	36,235	35,093	36,555
Stockholders' equity:			
Common stock	453	448	452

Additional paid-in capital	228,968	221,008	226,793
Retained earnings	207,191	165,588	199,364
Accumulated other comprehensive income (loss)	899	(6,919)	(3,036)
Total stockholders' equity	<u>437,511</u>	<u>380,125</u>	<u>423,573</u>
Total liabilities and stockholders' equity	<u>\$ 967,230</u>	<u>\$ 953,672</u>	<u>\$ 1,040,786</u>

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

**Three Months Ended**

<b>Unaudited</b>	<b>December 31, 2009</b>		<b>December 30, 2008</b>	
<b>(In thousands)</b>				
<b>Operating activities:</b>				
Net income	\$	7,827	\$	18,642
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization		7,129		7,722
Stock-based compensation		1,427		1,195
Deferred income taxes		(538)		(480)
Changes in assets and liabilities:				
Accounts receivable		68,905		84,166
Inventories		22,270		19,222
Prepaid expenses and other assets		2,151		(3,356)
Accounts payable and accrued expenses		(79,588)		(122,090)
Net cash provided by operating activities		<u>29,583</u>		<u>5,021</u>
<b>Investing activities:</b>				
Purchases of property and equipment & acquisitions		(625)		(2,033)
Acquisition of business		(385)		-
Net cash used in investing activities		<u>(1,010)</u>		<u>(2,033)</u>
<b>Financing activities:</b>				
Repayments under revolving lines of credit, net		18		(4,662)
Repayments under senior notes payable and other, net		(1,981)		(2,287)
Proceeds from exercise of options		664		138
Income tax benefit from stock-based compensation deductions in excess of the associated compensation costs		85		6
Net cash used by financing activities		<u>(1,214)</u>		<u>(6,805)</u>
Effect of exchange rate changes on cash		130		(162)
Net increase (decrease) in cash and cash equivalents		<u>27,489</u>		<u>(3,979)</u>
Cash and cash equivalents at beginning of period		82,742		26,038
Cash and cash equivalents at end of period	\$	<u>110,231</u>	\$	<u>22,059</u>

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

<b>Unaudited</b>	<b>December 31, 2009</b>		<b>December 31, 2008</b>		
<b>(dollars in millions)</b>	<b>Net Sales</b>	<b>Mix %</b>	<b>Net Sales</b>	<b>Mix %</b>	<b>Change</b>
Residential roofing products	\$ 173.3	47.1%	\$ 234.7	50.7%	\$(61.4) -26.2%
Non-residential roofing products	139.2	37.9%	164.8	35.6%	(25.6) -15.5%
Complementary building products	55.2	15.0%	63.8	13.8%	(8.6) -13.5%
	<u>\$ 367.7</u>	<u>100.0%</u>	<u>\$ 463.3</u>	<u>100.0%</u>	<u>\$(95.6) -20.6%</u>

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

**Unaudited**

(Dollars in thousands)

Three Months Ended December 31,

	2009		2008	
Net income	\$	7,827	\$	18,642
Interest expense		5,587		6,149
Income taxes		5,098		12,884
Depreciation and amortization		7,129		7,722
Stock-based compensation		1,427		1,195
Adjusted EBITDA (1)	\$	27,068	\$	46,592

(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.

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