



## Beacon Roofing Supply, Inc.

### Beacon Roofing Supply Reports First Quarter 2012 Results

- **Record first quarter net sales up 21% to \$490 million vs. \$405 million.**
- **First quarter EPS up 86% to \$0.41 vs. \$0.22.**
- **First quarter existing market sales up 17%.**
- **Cash on hand builds to \$155 million from \$143 million at year-end.**

PEABODY, Mass.--(BUSINESS WIRE)-- Beacon Roofing Supply, Inc. (the "Company") (NASDAQ: BECN) announced results today for its first quarter ended December 31, 2011 ("2012") of the fiscal year ending September 30, 2012 ("fiscal 2012").

Paul Isabella, the Company's President & Chief Executive Officer, stated: "We began fiscal 2012 with a very strong first quarter. Most of our geographic regions exceeded our expectations by achieving double-digit sales percentage increases and significant operating income growth. Once again our company-wide residential and non-residential product sales both showed double-digit percentage increases for the quarter, while our complementary product sales were down slightly. Our roofing businesses continued to benefit from higher volume, including sales from increased residential re-roofing activities in all of our geographic regions, and from industry-wide price increases that mostly occurred during the second half of last year. Our commercial business has been consistently strong since the third quarter of 2010. Our gross margin and operating margin continued to improve and we were able to increase our cash holdings since our 2011 year-end, even after the cash used to complete our first-quarter acquisitions. We continue aggressively to seek quality companies that fit our target acquisition profile, such as Fowler & Peth, which we acquired in the first quarter. We are encouraged by our strong start to fiscal 2012 and expect to continue our steady growth."

Total sales increased 21.0% to \$489.9 million in 2012 from \$404.8 million in 2011. Existing market (organic) sales, which exclude branches acquired after the beginning of last year's first quarter, increased 17.0%. In existing markets, residential and non-residential roofing product sales increased 25.4% and 15.5%, respectively, while complementary product sales declined 2.6%. Our first-quarter roofing sales this year were favorably impacted by increased re-roofing activities, including the impact from improved weather conditions and stronger business in several markets that experienced significant storms subsequent to last year's first quarter, and higher average selling prices.

Net income for the first quarter was \$19.1 million compared to \$10.1 million in 2011, an improvement of 90.2%. This year's net income included a benefit of \$1.0 million, \$0.02 per share, from a reduction in a liability for contingent consideration that was established last year for the acquisition of Enercon Products. First-quarter diluted net income per share was \$0.41 compared to \$0.22 in 2011. The higher net income was due to the higher sales and gross margin rate, 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 \$41.1 million in 2012 compared to \$27.7 million in 2011, an increase of 48.0%. Adjusted EBITDA for 2012 excludes the \$1.0 million benefit mentioned above.

Cash flow from operations was \$59.0 million compared to \$57.5 million in 2011. This year's operating cash flows were influenced mostly by the higher operating income, partially offset by the impact from less favorable changes in working capital this year. Cash on hand decreased by \$20.5 million to \$155.2 million at December 31, 2011 compared to \$175.7 million at December 31, 2010, but increased \$12.1 million compared to \$143.0 million at September 30, 2011.

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 719-325-2340. 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 192 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.

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

| <b>Unaudited</b><br><b>(Dollars in thousands, except per share data)</b> | <b>Three Months Ended</b>    |                           |                              |                           |
|--|------------------------------|---------------------------|------------------------------|---------------------------|
|  | <b>December 31,<br/>2011</b> | <b>% of Net<br/>Sales</b> | <b>December 31,<br/>2010</b> | <b>% of Net<br/>Sales</b> |
| Net sales  | \$ 489,850                   | 100.0%                    | \$ 404,793                   | 100.0%                    |
| Cost of products sold  | 372,525                      | 76.0%                     | 309,983                      | 76.6%                     |
| Gross profit   | 117,325                      | 24.0%                     | 94,810                       | 23.4%                     |
| Operating expenses   | 82,985                       | 16.9%                     | 74,970                       | 18.5%                     |
| Income from operations   | 34,340                       | 7.0%                      | 19,840                       | 4.9%                      |
| Interest expense   | 3,280                        | 0.7%                      | 3,469                        | 0.9%                      |
| Income before income taxes   | 31,060                       | 6.3%                      | 16,371                       | 4.0%                      |
| Income tax expense   | 11,945                       | 2.4%                      | 6,319                        | 1.6%                      |
| Net income   | <u>\$ 19,115</u>             | <u>3.9%</u>               | <u>\$ 10,052</u>             | <u>2.5%</u>               |
| Net income per share:  |                              |                           |                              |                           |
| Basic  | <u>\$ 0.41</u>               |                           | <u>\$ 0.22</u>               |                           |
| Diluted  | <u>\$ 0.41</u>               |                           | <u>\$ 0.22</u>               |                           |
| Weighted average shares used in computing net income per share:          |                              |                           |                              |                           |
| Basic  | <u>46,190,888</u>            |                           | <u>45,754,466</u>            |                           |
| Diluted  | <u>46,830,178</u>            |                           | <u>46,167,814</u>            |                           |

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

| <b>Unaudited</b><br><b>(Dollars in thousands)</b> | <b>December 31,<br/>2011</b> | <b>December 31,<br/>2010</b> | <b>September 30,<br/>2011</b> |
|---|------------------------------|------------------------------|-------------------------------|
| <b>Assets</b>                                     |                              |                              |                               |
| Current assets:                                   |                              |                              |                               |
| Cash and cash equivalents                         | \$ 155,171                   | \$ 175,674                   | \$ 143,027                    |

|                                   |                     |                     |                     |
|-----------------------------------|---------------------|---------------------|---------------------|
| Accounts receivable, net          | 221,665             | 184,546             | 280,322             |
| Inventories                       | 193,020             | 155,190             | 202,474             |
| Prepaid expenses and other assets | 57,083              | 49,152              | 37,573              |
| Deferred income taxes             | 14,881              | 16,680              | 15,469              |
| Total current assets              | <u>641,820</u>      | <u>581,242</u>      | <u>678,865</u>      |
| Property and equipment, net       | 48,537              | 44,746              | 47,427              |
| Goodwill                          | 400,140             | 365,650             | 380,916             |
| Other assets, net                 | 61,008              | 48,927              | 49,756              |
| Total assets                      | <u>\$ 1,151,505</u> | <u>\$ 1,040,565</u> | <u>\$ 1,156,964</u> |

#### Liabilities and stockholders' equity

##### Current liabilities:

|  |                |                |                |
|--|----------------|----------------|----------------|
| Accounts payable                         | \$ 149,699     | \$ 128,121     | \$ 182,523     |
| Accrued expenses                         | 73,101         | 49,876         | 69,906         |
| Current portion of long-term obligations | 15,201         | 16,058         | 15,605         |
| Total current liabilities                | <u>238,001</u> | <u>194,055</u> | <u>268,034</u> |

##### Senior notes payable and other obligations, net of current portion

|  |         |         |         |
|--|---------|---------|---------|
| Senior notes payable and other obligations, net of current portion | 309,632 | 322,364 | 311,511 |
|--|---------|---------|---------|

|                       |        |        |        |
|-----------------------|--------|--------|--------|
| Deferred income taxes | 39,145 | 39,885 | 38,992 |
|-----------------------|--------|--------|--------|

##### Stockholders' equity:

|   |                |                |                |
|---|----------------|----------------|----------------|
| Common stock                                  | 463            | 458            | 462            |
| Additional paid-in capital                    | 251,623        | 238,778        | 248,260        |
| Retained earnings                             | 312,225        | 243,942        | 293,110        |
| Accumulated other comprehensive income (loss) | 416            | 1,083          | (3,405)        |
| Total stockholders' equity                    | <u>564,727</u> | <u>484,261</u> | <u>538,427</u> |

|  |                     |                     |                     |
|--|---------------------|---------------------|---------------------|
| Total liabilities and stockholders' equity | <u>\$ 1,151,505</u> | <u>\$ 1,040,565</u> | <u>\$ 1,156,964</u> |
|--|---------------------|---------------------|---------------------|

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

| Unaudited<br>(In thousands)   | Three Months Ended   |                      |
|---|----------------------|----------------------|
|   | December 31,<br>2011 | December 31,<br>2010 |
| <b>Operating activities:</b>  |                      |                      |
| Net income  | \$ 19,115            | \$ 10,052            |
| Adjustments to reconcile net income to net cash provided by operating activities: |                      |                      |
| Depreciation and amortization   | 6,055                | 6,453                |
| Stock-based compensation  | 1,747                | 1,446                |
| Adjustment of liability for contingent consideration                              | (1,000)              | -                    |
| Gain on sale of assets  | (209)                | (325)                |
| Deferred income taxes   | (662)                | (541)                |
| Changes in assets and liabilities, net of the effects of businesses acquired:     |                      |                      |
| Accounts receivable   | 71,446               | 57,367               |
| Inventories   | 20,805               | 3,528                |
| Prepaid expenses and other assets   | (19,126)             | (5,282)              |
| Accounts payable and accrued expenses   | (39,195)             | (15,185)             |
| Net cash provided by operating activities   | <u>58,976</u>        | <u>57,513</u>        |

**Investing activities:**

|  |                 |           |
|--|-----------------|-----------|
| Purchases of property and equipment              | (2,434)         | (862)     |
| Acquisition of business                          | (44,396)        | -         |
| Proceeds from sales of assets                    | 223             | 923       |
| Net cash provided (used) by investing activities | <u>(46,607)</u> | <u>61</u> |

**Financing activities:**

|  |              |            |
|--|--------------|------------|
| Repayments under revolving lines of credit, net  | (13)         | (6)        |
| Repayments under senior notes payable and other, net   | (2,315)      | (359)      |
| Proceeds from exercises of options   | 1,534        | 1,109      |
| Income tax benefit from stock-based compensation deductions in excess of the associated compensation costs | 82           | 88         |
| Net cash provided (used) by financing activities   | <u>(712)</u> | <u>832</u> |

|  |                   |                   |
|--|-------------------|-------------------|
| Effect of exchange rate changes on cash          | 487               | 132               |
| Net increase in cash and cash equivalents        | 12,144            | 58,538            |
| Cash and cash equivalents at beginning of period | 143,027           | 117,136           |
| Cash and cash equivalents at end of period       | <u>\$ 155,171</u> | <u>\$ 175,674</u> |

**BEACON ROOFING SUPPLY, INC****Unaudited****Consolidated Sales by Product Line****For the Three Months Ended:**

| (dollars in millions)            | December 31, 2011 |               | December 31, 2010 |               | Change         |              |
|----------------------------------|-------------------|---------------|-------------------|---------------|----------------|--------------|
|                                  | Net Sales         | Mix %         | Net Sales         | Mix %         |                |              |
| Residential roofing products     | \$ 233.5          | 47.7%         | \$ 175.5          | 43.4%         | \$ 58.0        | 33.0%        |
| Non-residential roofing products | 194.2             | 39.6%         | 166.7             | 41.2%         | 27.5           | 16.5%        |
| Complementary building products  | 62.2              | 12.7%         | 62.6              | 15.5%         | (0.4)          | -0.6%        |
|                                  | <u>\$ 489.9</u>   | <u>100.0%</u> | <u>\$ 404.8</u>   | <u>100.0%</u> | <u>\$ 85.1</u> | <u>21.0%</u> |

**Consolidated Sales by Product Line for Existing Markets\*****For the Three Months Ended:**

| (dollars in millions)            | December 31, 2011 |               | December 31, 2010 |               | Change         |              |
|----------------------------------|-------------------|---------------|-------------------|---------------|----------------|--------------|
|                                  | Net Sales         | Mix %         | Net Sales         | Mix %         |                |              |
| Residential roofing products     | \$ 220.1          | 46.5%         | \$ 175.4          | 43.3%         | \$ 44.7        | 25.4%        |
| Non-residential roofing products | 192.6             | 40.7%         | 166.7             | 41.2%         | 25.9           | 15.5%        |
| Complementary building products  | 61.0              | 12.9%         | 62.6              | 15.5%         | (1.5)          | -2.6%        |
|                                  | <u>\$ 473.7</u>   | <u>100.0%</u> | <u>\$ 404.8</u>   | <u>100.0%</u> | <u>\$ 69.1</u> | <u>17.0%</u> |

**Existing Market Sales By Business Day during the Three Months Ended:**

| (dollars in millions)        | December 31, 2011 |       | December 31, 2010 |       | Change   |       |
|------------------------------|-------------------|-------|-------------------|-------|----------|-------|
|                              | Net Sales         | Mix % | Net Sales         | Mix % |          |       |
| Residential roofing products | \$ 3.668          | 46.5% | \$ 2.829          | 43.3% | \$ 0.839 | 29.7% |

|                                  |                 |               |                 |               |                 |              |
|----------------------------------|-----------------|---------------|-----------------|---------------|-----------------|--------------|
| Non-residential roofing products | 3.210           | 40.7%         | 2.689           | 41.2%         | 0.521           | 19.4%        |
| Complementary building products  | <u>1.017</u>    | <u>12.9%</u>  | <u>1.010</u>    | <u>15.5%</u>  | <u>0.007</u>    | <u>0.7%</u>  |
|                                  | <u>\$ 7.895</u> | <u>100.0%</u> | <u>\$ 6.528</u> | <u>100.0%</u> | <u>\$ 1.367</u> | <u>20.9%</u> |

\*Excludes branches acquired during the four quarters prior to the start of the first quarter 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)

|  | Three Months Ended December 31, |                  |
|--|---------------------------------|------------------|
|  | 2011                            | 2010             |
| Net income   | \$ 19,115                       | \$ 10,052        |
| Interest expense                                     | 3,280                           | 3,469            |
| Income taxes   | 11,945                          | 6,319            |
| Depreciation and amortization                        | 6,055                           | 6,453            |
| Adjustment of liability for contingent consideration | (1,000)                         | -                |
| Stock-based compensation                             | <u>1,747</u>                    | <u>1,446</u>     |
| Adjusted EBITDA (1)                                  | <u>\$ 41,142</u>                | <u>\$ 27,739</u> |

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

BECN-F

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