



Builders FirstSource + BMC Stock Holdings

Accelerating Growth, Building Value

August 27, 2020



Safe Harbor & Non-GAAP Financial Measures

Cautionary Notice

This communication, in addition to historical information, contains “forward-looking statements” (as defined in the Securities Litigation Reform Act of 1995) regarding, among other things, future events or the future financial performance of Builders FirstSource, Inc. (“Builders FirstSource”) and BMC Stock Holdings, Inc. (“BMC”). Words such as “may,” “will,” “should,” “plans,” “estimates,” “predicts,” “potential,” “anticipate,” “expect,” “project,” “intend,” “believe,” or the negative of these terms, and words and terms of similar substance used in connection with any discussion of future plans, actions or events identify forward-looking statements. Any forward-looking statements involve risks and uncertainties that are difficult to predict or quantify, and such risks and uncertainties could cause actual events or results to differ materially from the events or results described in the forward-looking statements, including risks, or uncertainties related to the novel coronavirus disease 2019 (also known as “COVID-19”) pandemic and its impact on the business operations of Builders FirstSource and BMC and on local, national and global economies, the growth strategies of Builders FirstSource and BMC, fluctuations of commodity prices and prices of the products of Builders FirstSource and BMC as a result of national and international economic and other conditions, or the significant dependence of both companies’ revenues and operating results on, among other things, the state of the homebuilding industry and repair and remodeling activity, lumber prices and the economy. Neither Builders FirstSource nor BMC may succeed in addressing these and other risks or uncertainties.

Forward-looking statements relating to the proposed business combination between Builders FirstSource and BMC include, but are not limited to: statements about the benefits of the proposed business combination between Builders FirstSource and BMC, including future financial and operating results; the plans, objectives, expectations and intentions of Builders FirstSource and BMC; the expected timing of completion of the proposed business combination; and other statements relating to the proposed merger that are not historical facts. Forward-looking statements are based on information currently available to Builders FirstSource and BMC and involve estimates, expectations and projections. Investors are cautioned that all such forward-looking statements are subject to risks and uncertainties, and important factors could cause actual events or results to differ materially from those indicated by such forward-looking statements. With respect to the proposed business combination between Builders FirstSource and BMC, these factors could include, but are not limited to: the risk that Builders FirstSource and BMC may be unable to obtain governmental and regulatory approvals required for the business combination, or that required governmental and regulatory approvals may delay the business combination or result in the imposition of conditions that could reduce the anticipated benefits from the proposed business combination or cause the parties to abandon the proposed business combination; the risk that a condition to closing of the business combination may not be satisfied, including as a result of the failure to obtain approval of stockholders of Builders FirstSource and BMC on the expected terms and schedule or at all; the length of time necessary to consummate the proposed business combination, which may be longer than anticipated for various reasons; the risk that the businesses will not be integrated successfully; the risk that the cost savings, synergies and growth from the proposed business combination may not be fully realized or may take longer to realize than expected; the parties’ diligence into their respective businesses has been limited and, as a result, the assumptions on which their estimates of future results of the combined business have been based may prove to be incorrect in a number of material ways, which could result in an inability to realize the expected benefits of the proposed business combination or exposure to material liabilities; the diversion of management time on transaction-related issues; the diversion of management time on issues related to the business combination; the effect of future regulatory or legislative actions on the companies or the industries in which they operate; the risk that the credit ratings of the combined company may be different from what the parties expect; economic and foreign exchange rate volatility; changes in the general economic environment, or social or political conditions, that could affect the businesses; the potential effect of the announcement or consummation of the proposed business combination on relationships with customers, suppliers, competitors, lenders, landlords, management and other employees; the ability to attract new customers and retain existing customers in the manner anticipated or at all; the ability to hire and retain key personnel; reliance on and integration of information technology systems; the risks associated with assumptions the parties make in connection with the parties’ critical accounting estimates and legal proceedings; certain restrictions during the pendency of the business combination that may affect the ability of Builders FirstSource and BMC to pursue certain business opportunities or strategic transactions; and the potential of international unrest, economic downturn or effects of anticipated tax rates, raw material costs or availability, benefit or retirement plan costs, or other regulatory compliance costs.

Additional information concerning other risk factors pertaining to Builders FirstSource and BMC is also contained in the parties’ respective most recently filed Annual Reports on Form 10-K, subsequent Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and other information filed with the Securities and Exchange Commission (the “SEC”). Many of these risks and uncertainties are beyond Builders FirstSource’s or BMC’s ability to control or predict. Because of these risks and uncertainties, you should not place undue reliance on these forward-looking statements. Furthermore, neither Builders FirstSource nor BMC undertakes any obligation to update publicly or revise any forward-looking statements to reflect events or circumstances that may arise after the date of this communication. Nothing in this communication is intended, or is to be construed, as a profit forecast or to be interpreted to mean that the earnings per share of the common stock of Builders FirstSource or of the common stock of BMC for the current or any future financial years, or the earnings per share of the common stock of the combined company, will necessarily match or exceed the historical published earnings per share of the common stock of Builders FirstSource or BMC, as applicable. All subsequent written and oral forward-looking statements concerning Builders FirstSource, BMC, the proposed business combination, the combined company or other matters and attributable to Builders FirstSource, BMC or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements above.

Safe Harbor & Non-GAAP Financial Measures

Additional Information and Where to Find It

In connection with the proposed business combination, Builders FirstSource intends to file with the SEC a registration statement on Form S-4 (the "Registration Statement") that will include a prospectus with respect to the shares of common stock to be issued by Builders FirstSource in the business combination and a joint proxy statement for Builders FirstSource's and BMC's respective stockholders (the "Joint Proxy Statement"). Each of Builders FirstSource and BMC will send the Joint Proxy Statement to its stockholders and may file other documents regarding the business combination with the SEC. This communication is not a substitute for the Registration Statement, the Joint Proxy Statement, or any other document that Builders FirstSource or BMC may send to its stockholders in connection with the proposed business combination. This communication is for informational purposes only and does not constitute, or form a part of, an offer to sell or the solicitation of an offer to sell or an offer to buy or the solicitation of an offer to buy any securities, and there shall be no sale of securities, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offer of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended, and otherwise in accordance with applicable law. INVESTORS AND SECURITY HOLDERS OF BUILDERS FIRSTSOURCE AND BMC ARE URGED TO READ THE REGISTRATION STATEMENT, THE JOINT PROXY STATEMENT, AND ANY OTHER RELEVANT DOCUMENTS (INCLUDING ANY AMENDMENTS OR SUPPLEMENTS THERETO) THAT WILL BE FILED WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT BUILDERS FIRSTSOURCE, BMC, THE PROPOSED BUSINESS COMBINATION AND RELATED MATTERS. Investors and security holders of Builders FirstSource and BMC will be able to obtain free copies of the Registration Statement, the Joint Proxy Statement, and other documents (including any amendments or supplements thereto) containing important information about Builders FirstSource and BMC once those documents are filed with the SEC, through the website maintained by the SEC at www.sec.gov. Builders FirstSource and BMC make available free of charge at investors.blldr.com and ir.buildwithbmc.com, respectively, copies of materials they file with, or furnish to, the SEC.

Participants in the Solicitation

Builders FirstSource, BMC, and their respective directors, executive officers, and other members of management and employees may be deemed to be participants in the solicitation of proxies from the stockholders of Builders FirstSource and BMC in connection with the proposed business combination.

The identity of Builders FirstSource's directors and executive officers and their ownership of the common stock of Builders FirstSource is set forth in Builders FirstSource's Annual Report on Form 10-K for the fiscal year ended December 31, 2019, which was filed with the SEC on February 21, 2020, and its proxy statement for its 2020 Annual Meeting of Stockholders, which was filed with the SEC on April 28, 2020.

The identity of BMC's directors and executive officers and their ownership of BMC's common stock is set forth in BMC's Annual Report on Form 10-K for the fiscal year ended December 31, 2019, which was filed with the SEC on February 27, 2020, and its proxy statement for its 2020 Annual Meeting of Stockholders, which was filed with the SEC on March 27, 2020.

Investors may obtain additional information regarding the interest of such participants and a description of their direct and indirect interests, by security holdings or otherwise, by reading the Registration Statement, the Joint Proxy Statement, and other materials to be filed with the SEC in connection with the proposed business combination when they become available. You may obtain these documents free of charge through the website maintained by the SEC at www.sec.gov and from the websites of Builders FirstSource or BMC as described above.

Today's Presenters



Chad Crow

Builders FirstSource
President &
Chief Executive Officer



David Flitman

BMC Stock Holdings
President &
Chief Executive Officer



Peter Jackson

Builders FirstSource
Chief Financial Officer



Jim Major

BMC Stock Holdings
Chief Financial Officer

Highly Compelling Strategic Combination



Creates the Premier Supplier of Building Materials and Services

Increased Geographic Reach to Meet the Needs of Customers in a Highly Fragmented Industry

Enhanced and Expanded Suite of Value-Added Offerings

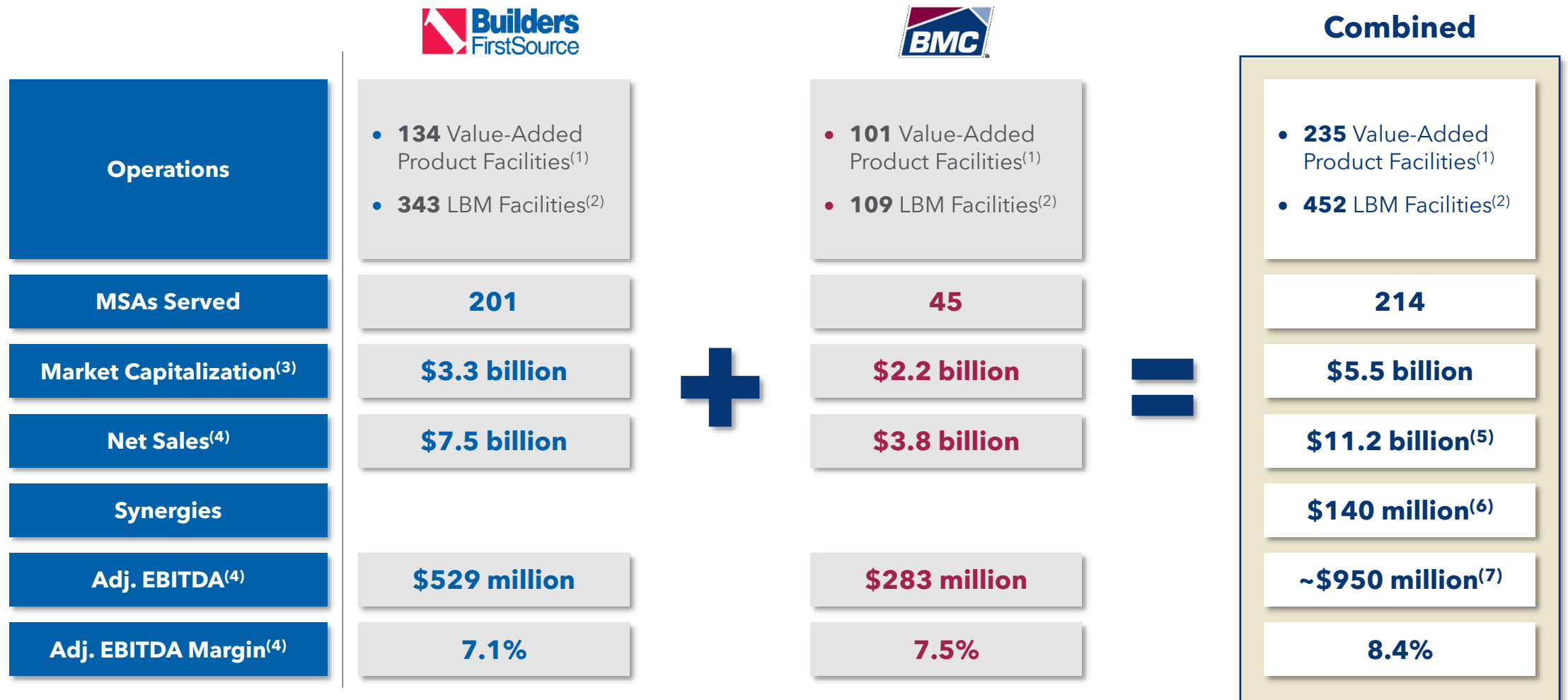
Investment in Innovation to Accelerate Next Generation of Growth for Customers

Substantial Value Creation Through Targeted Synergies and Accretive to Earnings in Year One

Strong Financial Profile with Robust Free Cash Flow Generation to Invest in Growth

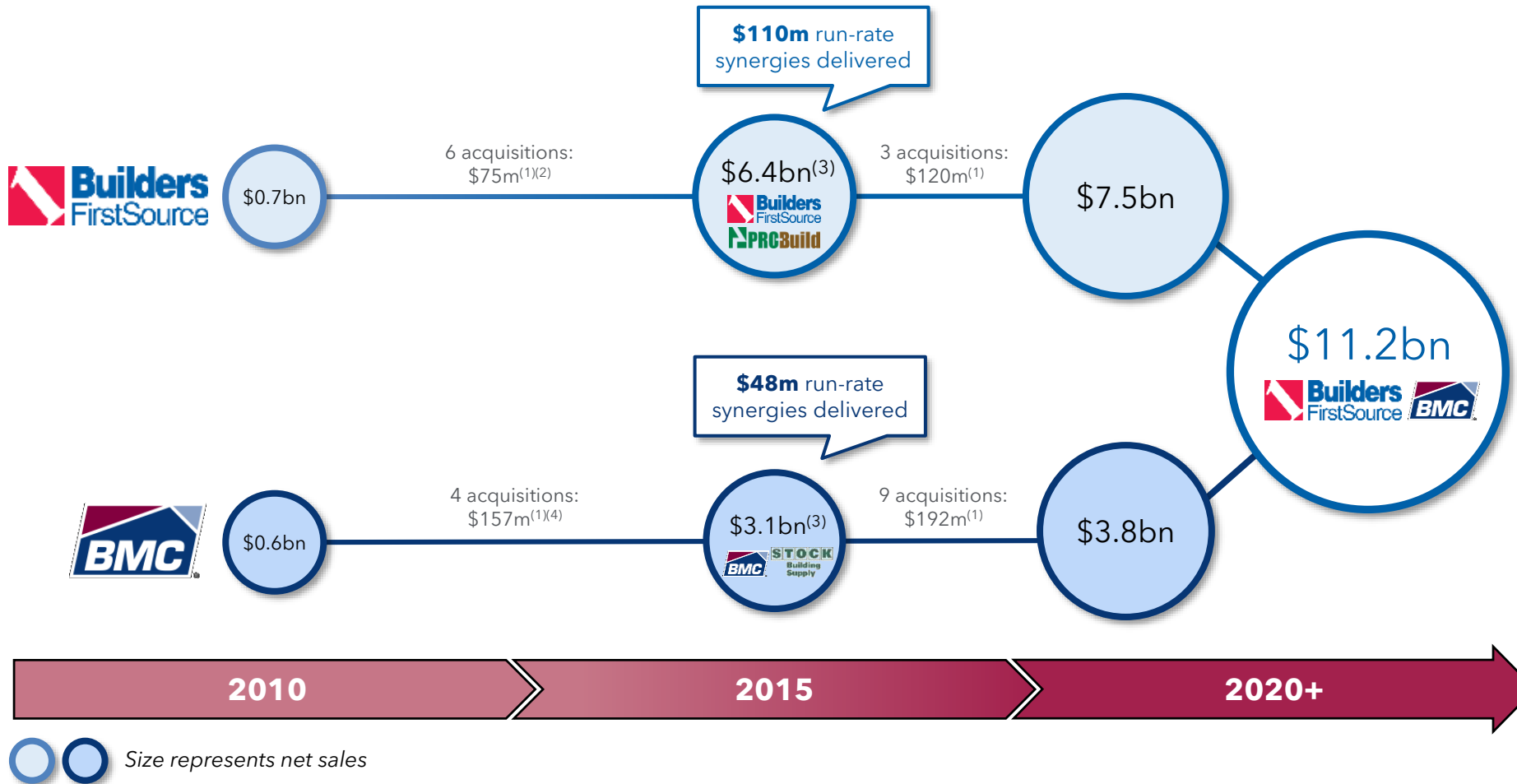
Highly Complementary Cultures focused on People, Safety, Innovation, and Corporate Social Responsibility

Creating the Nation's Premier Supplier of Building Materials and Services



¹Combined value-added facilities include co-located facilities on a single site. ²LBM defined as Lumber & Building Materials. ³As of 8/26/2020 close. ⁴Financial metrics TTM as of 6/30/2020. ⁵Sum does not total due to rounding. ⁶Midpoint of \$130m - \$150m range. ⁷Adjustments include midpoint of run-rate synergies range and excludes estimated \$6m of stock-based compensation savings, \$125 - \$145m costs to achieve and transaction costs.

Bringing Together Two Strong Track Records of M&A Integration and Value Creation



22
Total Acquisitions Completed Over the Last 10 Years Delivering Enhanced Value to Customers

17,500+
New Team Members Successfully Integrated

100%+
of Target Identified Synergy Value Delivered

¹Represents aggregate purchase price of each acquisition. ²Totals exclude ProBuild. ³2016 net sales shown for BLDR and BMC to display full year impact of ProBuild and SBS, respectively. ⁴Totals exclude SBS.

Transaction Overview

Transaction Structure	<ul style="list-style-type: none">• All-stock merger transaction• Combined equity value of \$5.5 billion and enterprise value of \$6.9 billion⁽¹⁾⁽²⁾• BMC shareholders will receive 1.3125 Builders FirstSource shares for each BMC share• Ownership at transaction close: Builders FirstSource shareholders (57%), BMC shareholders (43%)
Management	<ul style="list-style-type: none">• Chief Executive Officer: Dave Flitman to succeed Chad Crow after 90 day transition period• Chief Financial Officer: Peter Jackson
Board of Directors	<ul style="list-style-type: none">• Builders FirstSource's Chairman, Paul Levy, will serve as Chairman of the Board of Directors of the combined company• Combined board of 12 total directors (7 directors from current BLDR Board and 5 directors from current BMC Board)
Expected Synergies	<ul style="list-style-type: none">• Annual cost synergies of \$130 to 150 million by year three⁽³⁾
Financial Impact	<ul style="list-style-type: none">• Transaction is expected to be accretive to Adjusted EPS⁽⁴⁾ in the first year after closing• Combined company is expected to generate significant cash flow
Capital Structure	<ul style="list-style-type: none">• Flexible capital structure with ability to invest in organic growth and M&A• Combined Net Leverage of 1.4x⁽¹⁾⁽⁵⁾
Organization	<ul style="list-style-type: none">• Company name: Builders FirstSource, Inc.• Ticker Symbol: BLDR• Headquarters: Dallas, TX with significant presence in Raleigh, NC and Denver, CO
Closing Conditions and Timing	<ul style="list-style-type: none">• Transaction has been unanimously approved by the Board of Directors of both companies• Expected to close late 2020 or early 2021, subject to shareholder approvals and other customary closing conditions

¹Includes net debt of \$1.3bn: \$1.6bn of total debt and \$0.3bn of cash, assumes repayment of \$350m Senior Secured Notes due 2024 held by BMC. ²Sum does not total due to rounding. ³Excludes estimated one-time costs of \$125m - 145m to implement cost savings. ⁴Adjusted EPS includes year one synergies and excludes costs to achieve, transaction costs and purchase accounting. ⁵Based on combined TTM adjusted EBITDA including midpoint of run-rate synergies range and excluding stock-based compensation savings, costs to achieve and transaction costs.

Exceptional Scale and Diversity in a Fragmented Industry

1 Scale

- Expanded customer reach nationwide
- Greater economies of scale

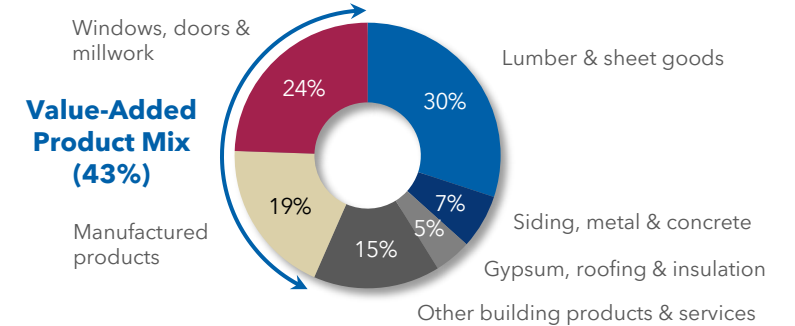
2 Depth and excellence

- Enhanced customer value proposition
- Integrated product and service offering

3 Diversity and range

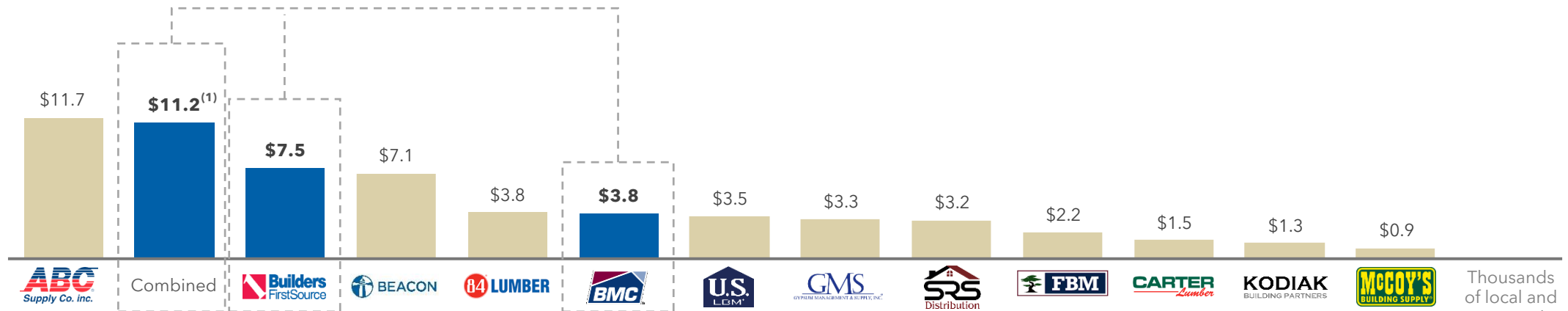
- Exceptional geographic, customer and end market diversity
- Full suite of structural and related building products and services

Combined Net Sales by Product⁽¹⁾



Combined Net Sales of Top Distribution Pro Dealers⁽²⁾

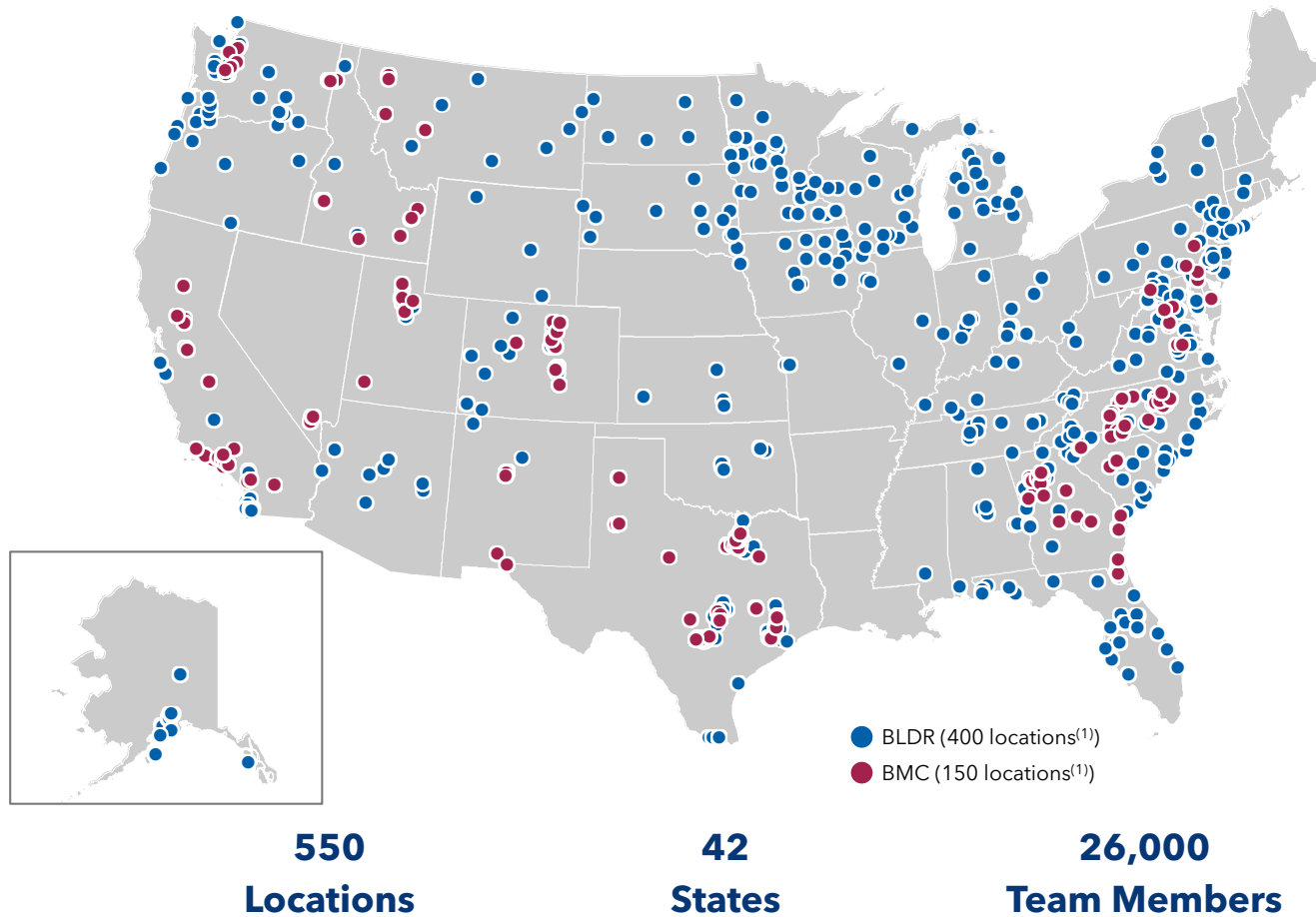
(\$ in billions)



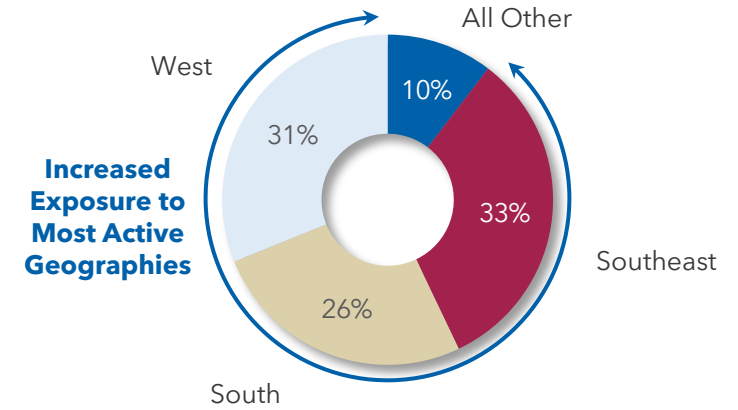
Thousands of local and regional players

¹Combined TTM Net Sales as of 6/30/2020. Sum does not total due to rounding. ²Based on latest available data from ProSales magazine 2020 ProSales 100 list.

Expansive Geographic Footprint and Deepened Local Relationships in High-Growth MSAs



Regional Breakdown by Combined Net Sales⁽²⁾



44 of Top 50⁽³⁾
MSAs Served by the Combined Company

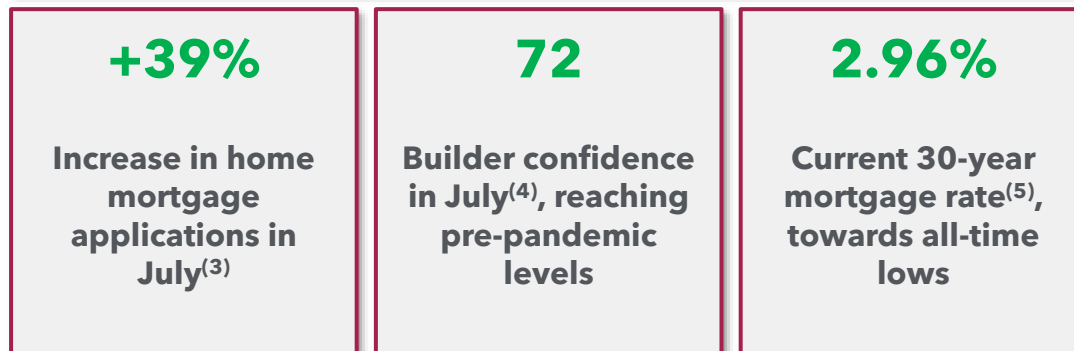
¹Figures include co-located facilities on a single site. ²Combined TTM Net Sales as of 6/30/2020. ³Top 50 MSAs as ranked by new housing units authorized by building permits for the 1/1/2020 - 6/30/2020 period (U.S. Census Bureau).

Resilient Industry Dynamics and Record of Market Outperformance

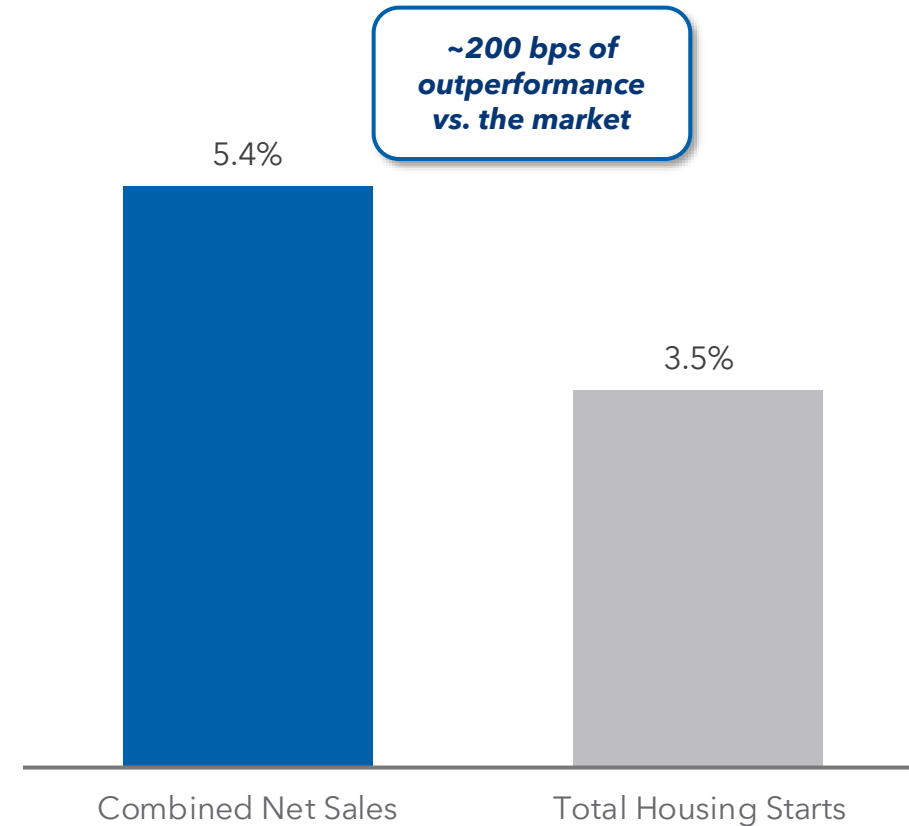
Long-term Fundamentals Fully Intact



Robust and Accelerating Demand Drivers



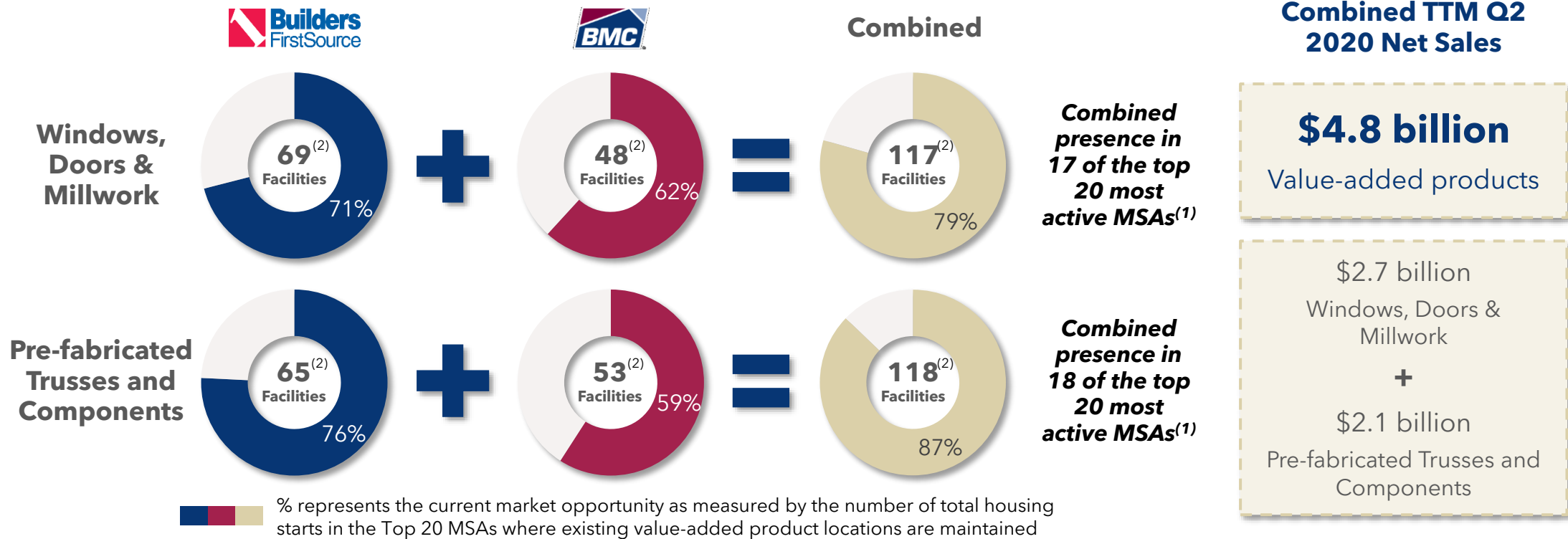
Combined Net Sales Growth⁽⁶⁾ vs. Housing Starts Growth⁽⁷⁾ (2015 - Q2 2020 CAGR)



¹Projections for the 2020 - 2030 period based on consensus median. ²Average underbuild from 2010 - 2019, calculated as difference between annual household formation and housing starts (U.S. Census Bureau). ³Mortgage Bankers Association as of 8/13/2020. ⁴NAHB / Wells Fargo Housing Market Index (HMI) as of 7/16/2020. ⁵Freddie Mac Primary Mortgage Market Survey as of 8/13/2020. ⁶Net sales in 2015 pro forma for ProBuild and SBS. ⁷Historical total housing starts data based on U.S. Census Bureau.

Enhanced Ability to Deliver Value-Added Offerings to Customers Nationwide

Expands Value-Added Products Offering in the Top 20 Most Active MSAs⁽¹⁾

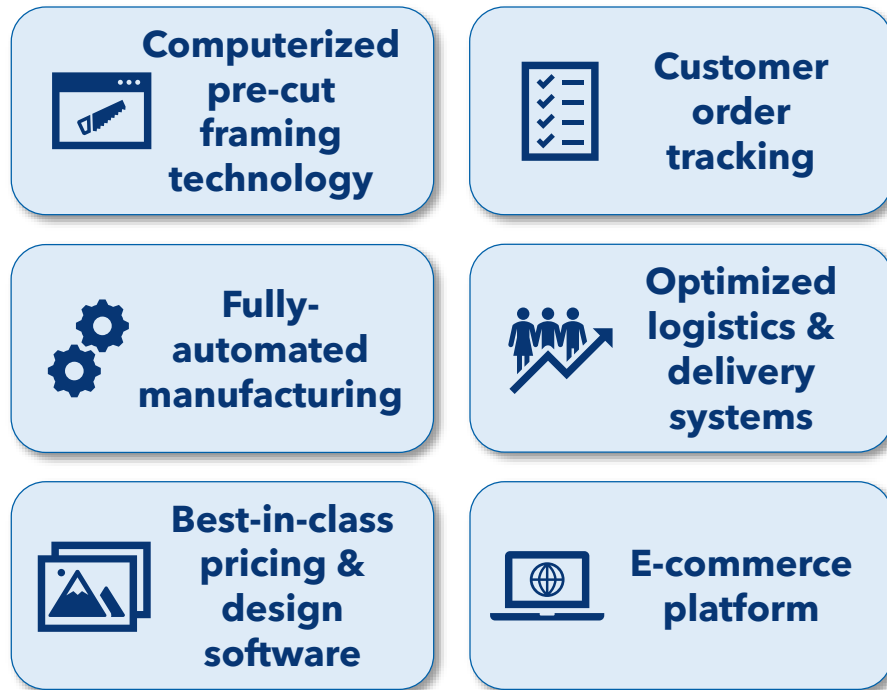


Improved Ability to Service Most Active MSAs and Provides Growth Platforms in New Geographies

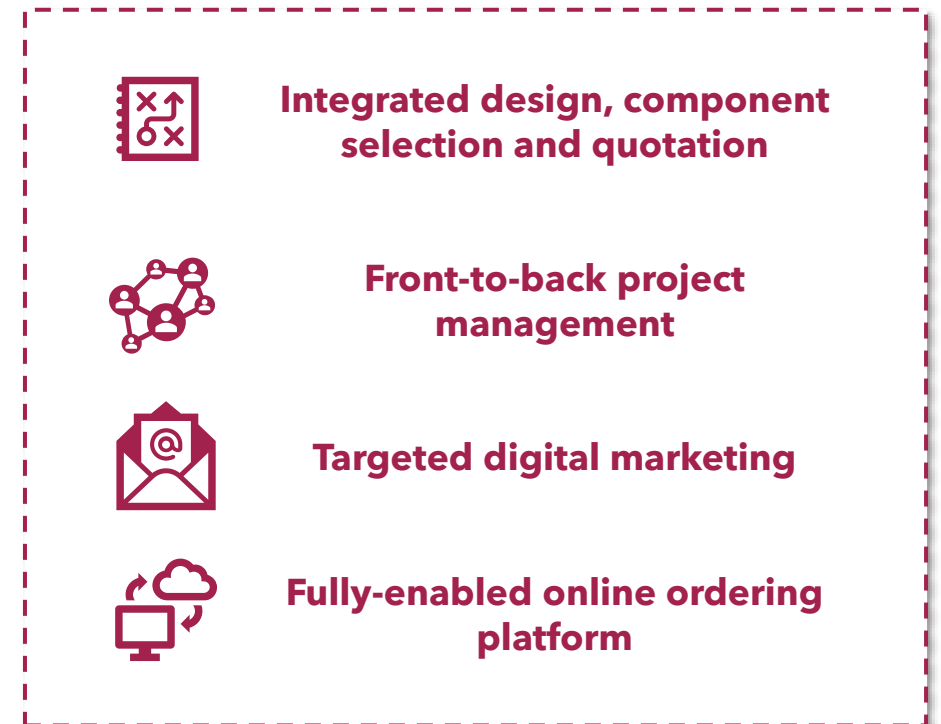
¹As measured by new housing units authorized by building permits for the 1/1/2020 - 6/30/2020 period (U.S. Census Bureau). ²Represents total facility count across entire geographic footprint and includes co-located facilities on a single site. Top 20 most active markets ranked: Houston, Dallas, New York, Phoenix, Austin, Atlanta, Miami, Los Angeles, Washington DC, Orlando, Charlotte, Nashville, Seattle, Minneapolis, Tampa, Raleigh, San Antonio, Denver, Jacksonville, and Portland

Platform and Resources to Accelerate Innovation and Integrate Even Further with Customers

Foundational Automation and Technology Capabilities Today...



...To Innovate Future Technology-enabled Platforms and Capabilities for Tomorrow



Unified Mission and Purpose to Better Serve Customers and Communities



**Preferred Supplier
to Customers**



**Safe, Diverse &
Inclusive Workforce**



**Responsible
Corporate Citizen**



**Continue to Serve
Our Communities**

Environmental Stewardship is a Priority for the Combined Company

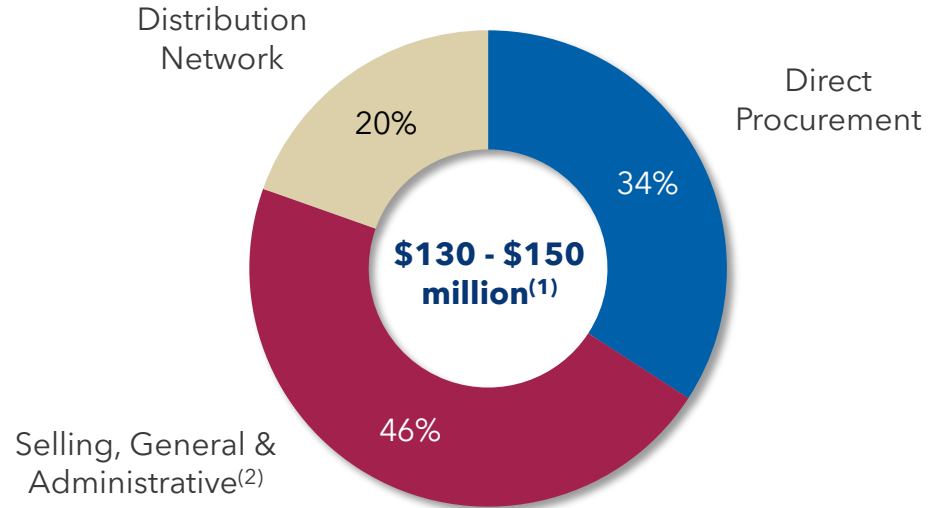
- ✓ Energy Efficient Products
- ✓ Delivery Optimization System
- ✓ Elimination of Jobsite Waste
- ✓ Responsible Supply Chain Policy
- ✓ Wood Waste Recycling
- ✓ Dedicated Health and Safety Team
- ✓ Fleet Monitoring / Fuel Efficiency

Helping Our Customers Achieve Various Green Building and Environmental Standards



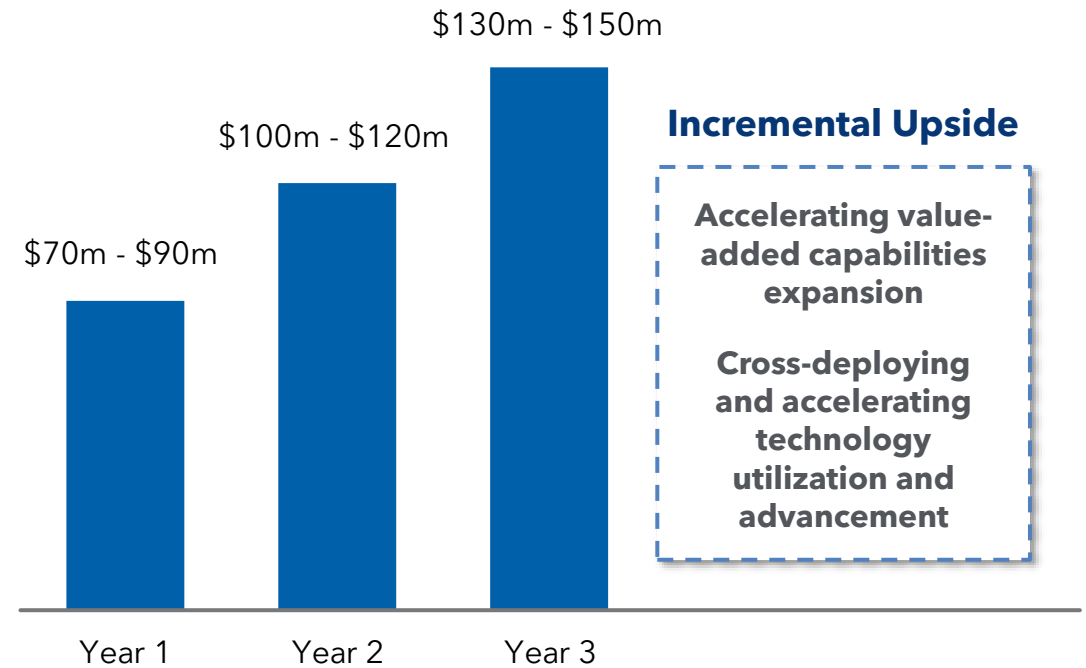
Substantial Value Creation Through Targeted Synergies

Breakdown of Synergy Opportunity



- **Clearly identified cost savings opportunities**
 - Primary rationalization of suppliers, overhead expenses and facility footprint
- **Integration plan in place with measurable objectives**
- **Experienced team with proven integration record to achieve full run-rate synergies within three years**

Estimated Run-Rate Cost Savings of \$130 - \$150 million⁽¹⁾ (\$ in millions)



Transaction Expected to be Accretive to Adjusted EPS⁽³⁾ in the First Year After Closing

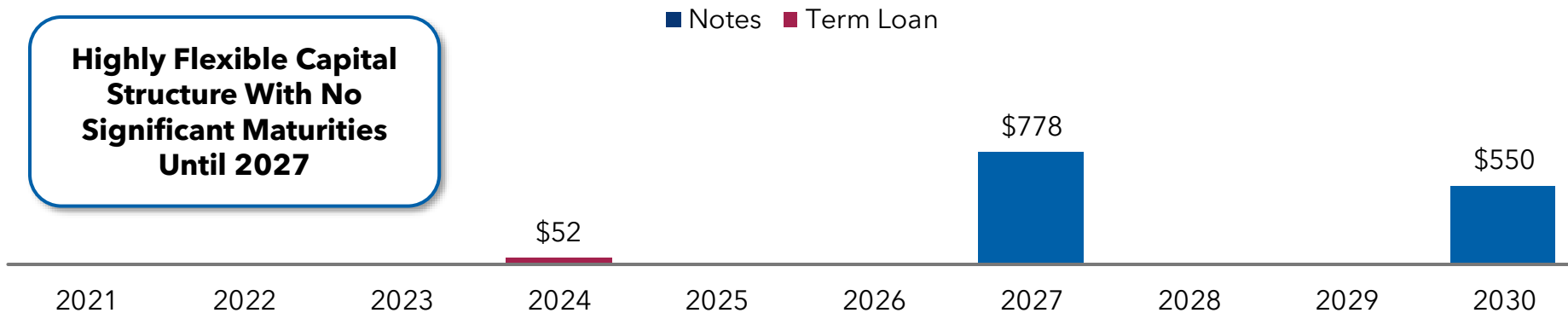
¹Excludes \$125m - \$145m costs to achieve. ²Includes indirect procurement. ³Adjusted EPS includes year one synergies and excludes costs to achieve, transaction costs and purchase accounting.

Strong Balance Sheet and Liquidity Provide Financial Flexibility

Liquidity⁽¹⁾⁽²⁾	~\$1.1 billion
Total Debt⁽²⁾	\$1.6 billion
Net Leverage Ratio⁽²⁾⁽³⁾	1.4x
Free Cash Flow⁽⁴⁾	~\$700 million

- **Current credit ratings:**
 - Builders FirstSource: B1 / BB-
 - BMC Stock Holdings: Ba3 / BB-
- **Amended and upsized revolving credit facility expected to be put in place concurrent with closing**
- **Existing BMC Senior Secured Notes due 2024 expected to be retired utilizing available liquidity**

Combined Maturity Profile⁽²⁾⁽⁵⁾ (\$ in millions)



¹Figure excludes expected upsized BLDR revolver. ²Assumes repayment of \$350m Senior Secured Notes due 2024 held by BMC. ³Net Leverage Ratio calculated as Net Debt / TTM Q2 2020 Adjusted EBITDA. ⁴See TTM Q2 2020 Free Cash Flow reconciliations on page 21; includes midpoint of synergies range and one-time working capital and capex improvements, excludes estimated stock-based compensation savings and costs to achieve. ⁵Excludes finance leases and other finance obligations.

Attractive Combination for All Stakeholders



Combination to create nation's premier supplier of building materials and services

Unified leadership team with proven record of integration success

Complementary footprint with enhanced ability to service customers

Scaled platform providing greater opportunities to team members

Strong financial position with robust free cash flow generation

Enhanced ability to invest in business and accelerate growth

Unique opportunity to drive substantial value creation

Appendix

Reconciliation of Non-GAAP Financial Measures

Builders FirstSource Adj. EBITDA

(in millions)	Three months ended June 30,		Six months ended June 30,		Twelve months ended June 30,
	2020	2019	2020	2019	2020
Reconciliation to Adjusted EBITDA:					
GAAP Net Income	\$ 78.9	\$ 66.6	\$ 87.7	\$ 102.3	\$ 207.2
Acquisition and Integration Expense	0.3	3.2	3.7	8.0	8.7
Debt issuance and refinancing cost ⁽¹⁾	-	4.3	28.0	3.6	34.6
Adjusted Net Income	\$ 79.2	\$ 74.1	\$ 119.4	\$ 113.9	\$ 250.5
Reconciling items:					
Depreciation and amortization expense	28.5	23.8	57.9	47.4	110.5
Interest expense, net	26.8	25.1	50.7	50.7	99.4
Income tax (benefit) expense	23.5	19.7	23.8	30.9	53.8
Stock compensation expense	3.5	3.4	6.7	6.0	12.9
(Gain)/loss on sale and asset impairments	0.1	(0.6)	-	(3.0)	(0.2)
Other management-identified adjustments ⁽²⁾	0.3	0.1	0.4	0.6	1.6
Adjusted EBITDA ⁽³⁾	\$ 161.9	\$ 145.6	\$ 258.9	\$ 246.5	\$ 528.5
Adjusted EBITDA Margin	8.3%	7.6%	7.0%	7.0%	7.1%

¹Costs associated with issuing and extinguishing long term debt in 2020 and 2019. ²Primarily relates to severance and one time cost. ³Sum may not total due to rounding.

Reconciliation of Non-GAAP Financial Measures

BMC Stock Holdings Adj. EBITDA

(in millions)	Three months ended June 30,		Six months ended June 30,		Twelve months ended June 30,
	2020	2019	2020	2019	2020
Reconciliation to Adjusted EBITDA:					
Net income	\$ 43.6	\$ 35.7	\$ 65.7	\$ 56.0	\$ 119.4
Interest expense	6.2	5.6	12.1	11.6	23.7
Interest income	(0.3)	(0.8)	(0.9)	(1.8)	(3.1)
Income tax expense	13.2	10.5	20.6	16.5	40.8
Depreciation and amortization	20.3	17.6	40.3	34.4	78.0
Merger and integration costs	0.4	1.4	1.5	4.2	3.8
Non-cash stock compensation expense	3.3	3.2	6.5	6.2	12.8
Acquisition costs	0.5	0.0	2.3	0.6	2.9
Business reorganization costs ⁽¹⁾	3.2	0.2	3.2	0.2	4.8
Other items ⁽²⁾	-	(0.1)	-	(0.2)	-
Adjusted EBITDA ⁽³⁾	<u>\$ 90.3</u>	<u>\$ 73.3</u>	<u>\$ 151.4</u>	<u>\$ 127.7</u>	<u>\$ 283.1</u>
Adjusted EBITDA margin	9.2%	7.7%	8.0%	7.2%	7.5%

¹Represents asset impairment charges related to the closure or relocation of the operations of certain of the Company's facilities, severance expense related to permanent headcount reductions due to the impact of the COVID-19 pandemic and charges related to the disposition of the Company's Coleman Floor business and exit from the Arkansas market.

²For the three months ended June 30, 2019, represents income from a recovery made by the Company related to a fire at one of the Company's facilities during 2015 (the "Recovery Income"). For the six months ended June 30, 2019, represents the Recovery Income and the effect of the settlement of pending litigation for an amount below what was previously accrued.

³Sum may not total due to rounding.

Reconciliation of Non-GAAP Financial Measures

Free Cash Flow



(in millions)

Free Cash Flow

	Three months ended				Twelve months ended
	September 30, 2019	December 31, 2019	March 31, 2020	June 30, 2020	June 30, 2020
Operating activities	\$ 181	\$ 144	\$ (51)	\$ 221	\$ 495
Less: Capital expenditures	(33)	(35)	(28)	(26)	(122)
Free Cash Flow ⁽¹⁾	\$ 149	\$ 109	\$ (79)	\$ 194	\$ 373



(in millions)

Free Cash Flow

	Three months ended				Twelve months ended
	September 30, 2019	December 31, 2019	March 31, 2020	June 30, 2020	June 30, 2020
Operating activities	\$ 69	\$ 47	\$ 17	\$ 136	\$ 270
Less: Capital expenditures	(22)	(22)	(31)	(19)	(93)
Free Cash Flow ⁽¹⁾	\$ 47	\$ 25	\$ (13)	\$ 118	\$ 177

¹Sum may not total due to rounding.