



Foundation Building Materials

# Investor Presentation

**June 2017**



 Foundation Building Materials

- Wallboard
- Metal Framing
- Accessories
- Suspended Ceiling Systems
- Insulation

1431



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This presentation contains “forward-looking statements” as that term is defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements, and may contain words such as “believe,” “anticipate,” “expect,” “estimate,” “intend,” “project,” “plan,” or words or phrases with similar meaning. Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved. Forward-looking statements are based on current expectations, forecasts and assumptions that involve risks and uncertainties, including, but not limited to, economic, competitive, governmental and technological factors outside of our control, that may cause our business, strategy or actual results to differ materially from the forward-looking statements. We do not intend, and undertake no obligation, to update any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable law. Investors are referred to the Company’s filings with the Securities and Exchange Commission, including its Annual Report on Form 10-K and its Quarterly Reports on Form 10-Q for additional information regarding the risks and uncertainties that may cause actual results to differ materially from those expressed in any forward-looking statement.

In addition to results under GAAP, this presentation contains certain non-GAAP financial measures, including EBITDA and adjusted EBITDA, which are provided as supplemental measures of financial performance. EBITDA and Adjusted EBITDA are presented because they are important metrics used by management as one of the means by which it assesses financial performance. EBITDA and Adjusted EBITDA are also frequently used by analysts, investors and other interested parties to evaluate companies in our industry. These measures, when used in conjunction with related GAAP financial measures, provide investors with an additional financial analytical framework that may be useful in assessing our company and its results of operations. EBITDA and Adjusted EBITDA have certain limitations, which are discussed in greater detail in the Company’s filings with the Securities and Exchange Commission, and should not be considered as alternatives to net income, or any other measures of financial performance derived in accordance with GAAP. Other companies, including other companies in our industry, may not use such measures or may calculate one or more of the measures differently than we do, limiting their usefulness as a comparative measure. A reconciliation of these non-GAAP measures to the most directly comparable GAAP measure is set forth in the appendix to this presentation.



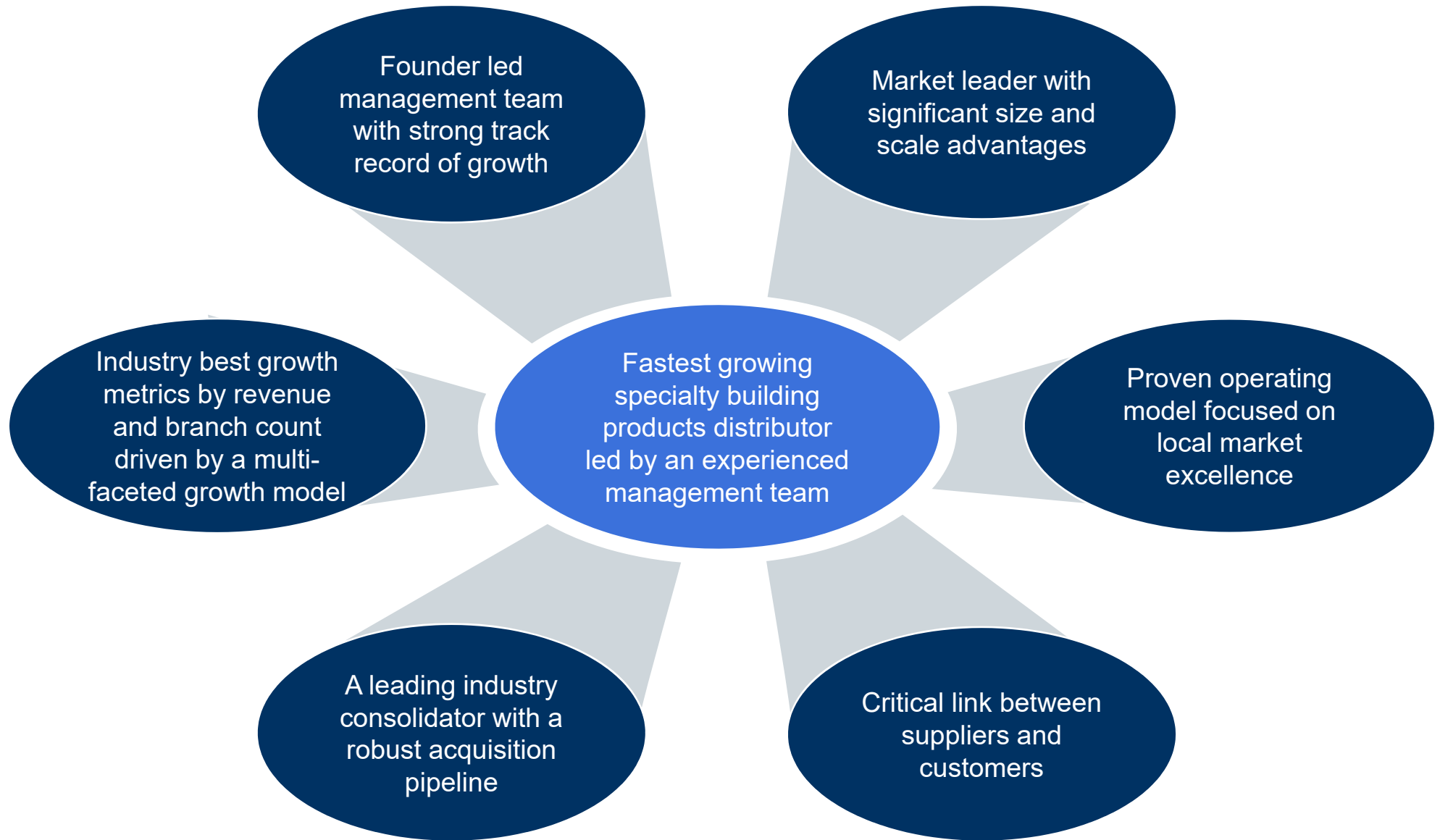


- Wallboard • Suspended Ceiling Systems
- Metal Framing • Insulation
- Accessories

## Introduction to FBM



# Key Investment Highlights



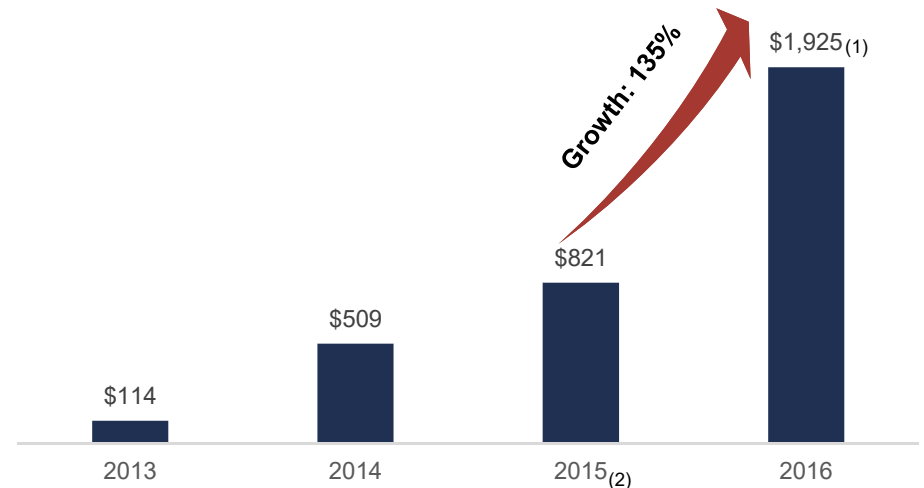
*Note: Fastest growing specialty building products distributor by revenue and branch count since 2011*

# FBM at a Glance

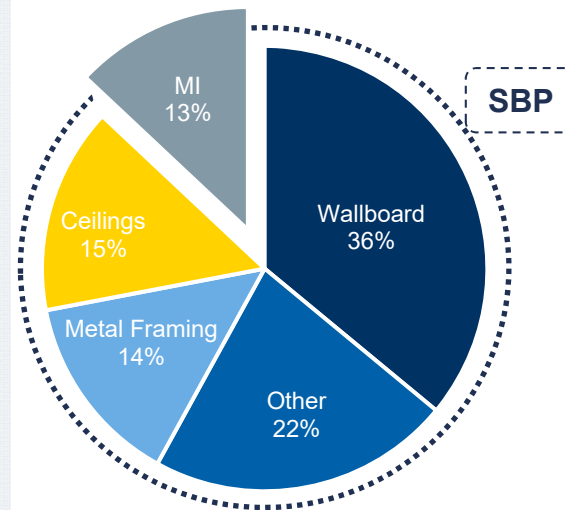
- Founded in 2011
- Currently **largest** specialty distributor of **suspended ceiling systems** in North America<sup>(4)</sup>
- Currently **second largest** specialty distributor of **gypsum wallboard** in North America<sup>(4)</sup>
- Currently **second largest** specialty distributor and one of the largest fabricators of **mechanical insulation** products in the US<sup>(4)</sup>
- Approximately **35,000 SKUs**
- More than **30,000 customers**
- **211 branches** across 31 states in the U.S. and 5 provinces in Canada<sup>(3)</sup>
- US wallboard **market share of 8.6%** - up 50 bps year-over-year<sup>(3)</sup>
- Diversified offering across products and end-markets

## Executing Our Growth Plan – Historical Annual Net Sales Growth

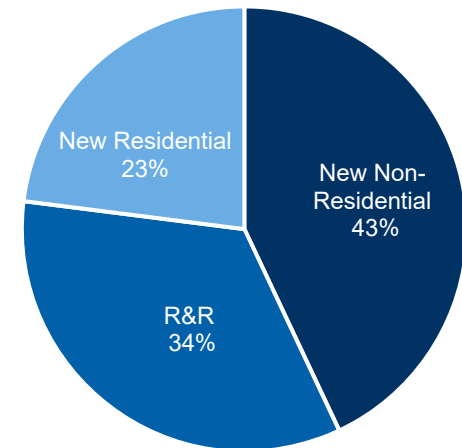
(\$ in millions)



### Net Sales by Segment – 1Q17



### Net Sales by End-Market <sup>(5)</sup>



(1) Amount is pro forma for unaudited net sales from other acquisitions. See appendix for reconciliation of pro forma net sales to reported net sales, the most directly comparable measure calculated in accordance with GAAP






(2) 2015 financial information is the sum of the Predecessor and Successor 2015 historical periods – see our Annual Report on Form 10-K for more details

(3) As of March 31, 2017

(4) Market position based on management's estimates and publicly available information with market position based on volume for wallboard and sales dollars for ceilings and mechanical insulation, and with respect to each acquired entity includes the contribution from the beginning of the year of acquisition

(5) Percentages based on 2016 reported revenue of \$1.392 billion

# Full Solutions Provider for Residential and Commercial Contractors

	Specialty Building Products			Blended	MI
	Wallboard & Accessories	Suspended Ceiling Systems	Metal Framing	Other Products	Mechanical Insulation
Current Position in the US and Canada <sup>(1)</sup>	#2	#1	#3	NA	#2
Applications	<ul style="list-style-type: none"> <li>Interior walls and ceilings</li> </ul>	<ul style="list-style-type: none"> <li>Ceiling tile</li> <li>Ceiling grid</li> </ul>	<ul style="list-style-type: none"> <li>Wallboard structural support, typically sold as part of a package with wallboard, insulation, or suspended ceiling systems</li> </ul>	<ul style="list-style-type: none"> <li>Stucco/interior insulation and finishing system, building insulation, tools, safety accessories, and fasteners</li> </ul>	<ul style="list-style-type: none"> <li>Commercial and industrial insulation solutions for piping, ducting, and mechanical systems</li> </ul>
Selected Products					

<sup>(1)</sup> Market position based on management's estimates and publicly available information with market position based on volume for wallboard and sales dollars for ceilings, metal framing and mechanical insulation, and with respect to each acquired entity includes the contribution from the beginning of the year of acquisition



# Critical Link Between Suppliers and Customers

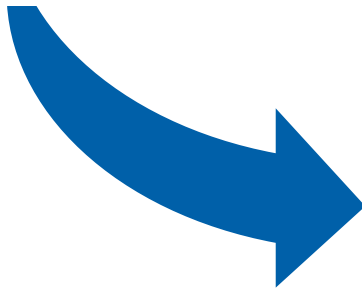
## Key capabilities create barriers to entry:

- Specialized same-day delivery capabilities
- Stocking and scattering services
- Technical product expertise in local markets
- Knowledgeable professionals offering high service levels
- Large fleet of more than 2,800 vehicles
- Our largest supplier accounted for ~14% of 2016 purchases
- No one customer accounted for more than 1.5% of 2016 net sales



# Best-in-Class Growth<sup>(1)</sup> - Room to Grow Across Segments

FBM 2011



FBM Today<sup>(2)</sup>



- Specialty Building Products
- Mechanical Insulation

(1) Fastest growing specialty building products distributor by revenue and branch count since 2011  
(2) As of May 9, 2017



# FBM Has Multiple Drivers to Continue its Rapid Growth

## Organic Growth

Market Share Growth / Product Expansion



Continued Market Recovery



Continue Track Record of Successful Acquisitions



Greenfield Expansion



Operational Efficiencies and Integrating Best Practices



Continuous Improvement

- Organic growth opportunities:
  - Increase share with existing customers
  - Target new customers
  - Grow complementary products
  - Expand key supplier relationships
  - Expand MI platform
  - Mobile application



- Proven, successful acquisition strategy
  - Large pipeline of identified actionable opportunities
  - Extremely scalable platform
- Greenfield expansion opportunities in underserved adjacent markets



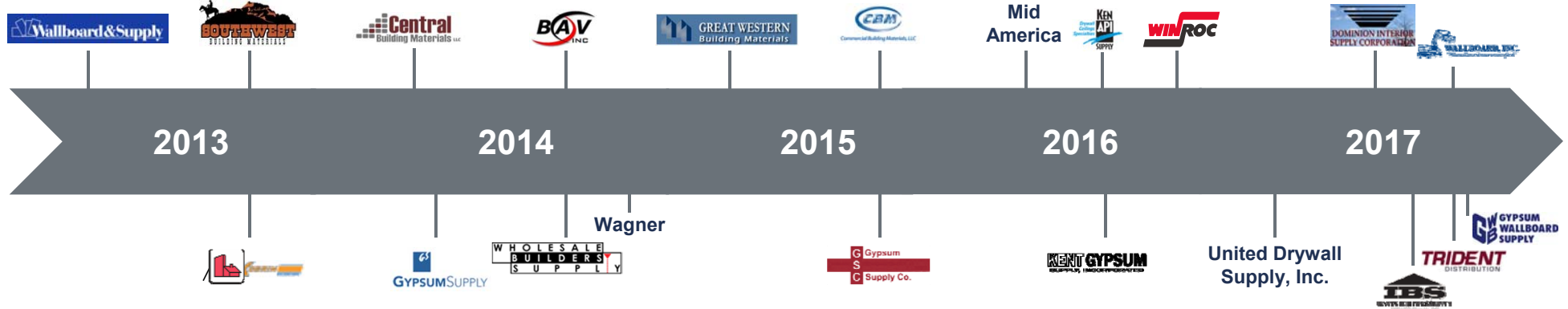
- Key operational initiatives:
  - Logistical tracking system
  - Investment in electronic data interchange
  - Purchase savings
  - Warehouse efficiencies
- Focus on culture and continuous improvement

# Strategic Initiatives To Drive Topline Growth



(1) Base business represents net sales from branches that were owned by us since January 1, 2016 and branches that were opened by us during such period

# A Leading Industry Consolidator With a Robust Acquisition Pipeline



Established and proven playbook used to originate, execute, and integrate acquisition targets



Robust pipeline of potential acquisition targets for 2017 and beyond



# 2017 Year-to-Date Acquisitions



Acquisition	Dominion Interior Supply	Irwin Builders Supply	Trident Distribution	Wallboard, Inc.	Gypsum Wallboard Supply Inc.
<b>Date</b>	January 2017	April 2017	April 2017	May 2017	May 2017
<b>Main Location</b>	Richmond, VA	Irwin, PA	Atlanta, GA	Fridley, MN	Tacoma, WA
<b>Geographic MSA</b>	Richmond	Pittsburgh	Atlanta	Minneapolis-St. Paul	Seattle
<b>Number of Branches</b>	4	1	1	2	1
<b>Products</b>	<ul style="list-style-type: none"> <li>•Suspended ceiling systems</li> <li>•Other products</li> </ul>	<ul style="list-style-type: none"> <li>•Wallboard</li> <li>•Metal studs</li> <li>•Ceiling and wall systems</li> <li>•Insulation</li> <li>•Other complementary products</li> </ul>	<ul style="list-style-type: none"> <li>•Mechanical insulation</li> <li>•Materials and accessories, including pipe fabrication, for use in industrial, commercial, power, and process industry construction</li> </ul>	<ul style="list-style-type: none"> <li>•Wallboard</li> <li>•Steel framings</li> <li>•Insulation</li> <li>•Finishing products</li> <li>•Other complementary products</li> </ul>	<ul style="list-style-type: none"> <li>•Wallboard</li> <li>•Steel framings</li> <li>•Suspended ceiling systems</li> <li>•Insulation</li> <li>•Finishing products</li> <li>•Other complementary products</li> </ul>

Five strategic acquisitions completed so far in 2017

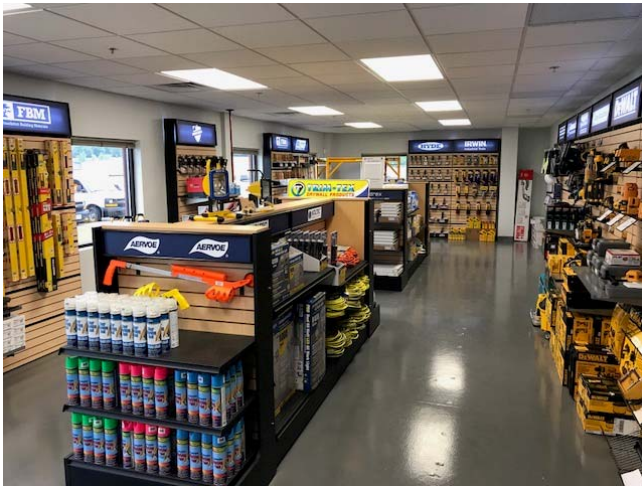
# Greenfield Strategy

## Attractive Characteristics of Greenfields:

- Expansion into underserved markets
- Generate high returns
- Requires only modest capital expenditures

## Most Recent Opening:

- Evansville, Indiana
- Opened in March 2017
- Strategic Rationale:
  - Expansion of Indiana footprint
  - Displaced competitor to become exclusive distributor for Armstrong in the market



Capital efficient strategy to expand footprint and drive organic growth

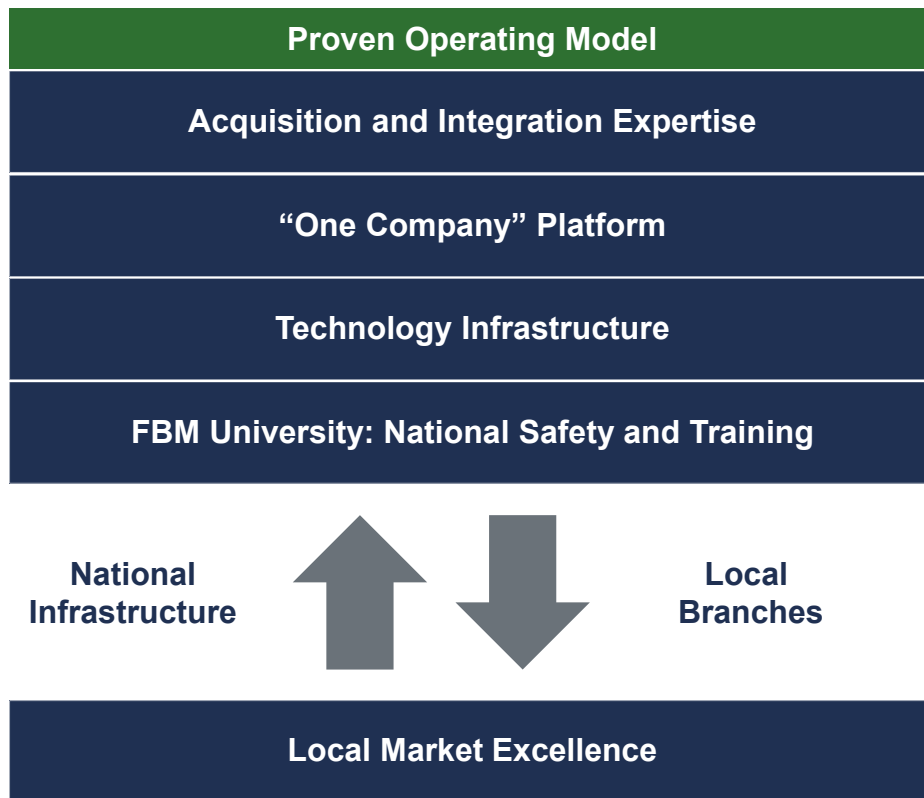
# Proven Operating Model Focused on Local Market Excellence

## National Infrastructure

- Centralized purchasing and supplier relationships
- Key national/regional customer relationships
- Centralized ERP system and back office support
- Ongoing talent development and training
- Ability to reposition talent based on need

## Autonomy at the Local Level

- Timely decision making
- Profitability based compensation
- Tailored service offering based on customer needs



Proven operating model has established FBM as a distributor of choice for leading suppliers and more than 30,000 customers





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## Financial Review



# Recent Results: Strong Financial Performance in First Quarter 2017

## Robust Growth

- Net sales grew 96% to \$479 million
- Net sales from acquisitions of \$198 million
- Base Business grew 11%<sup>(1)</sup>
- Complementary products grew 80% to \$120 million
- Drove gross profit to \$140 million or 29.2% of net sales

## Strong Segment Results

- **Specialty Building Products:** Net sales grew 71% to \$418 million; 29.3% gross margin
- **Mechanical Insulation:** Net sales of \$61 million; 28.7% gross margin

## Continued Acquisition Strategy

- Completed 5 acquisitions year-to-date with annualized revenue of more than \$85 million
- Maintain a sizable acquisition pipeline

(1) Base business represents net sales from branches that were owned by us since January 1, 2016 and branches that were opened by us during such period

# Well Capitalized For Future Growth

## Liquidity Highlights and Capital Allocation

Approximately \$237 million of available funds as of May 2, 2017 under ABL revolver to fund working capital and acquisitions

Key capital allocation priorities:

- Acquisition opportunities
- Excess cash flow expected to be used to pay down future ABL borrowings

*(\$ in millions)*

3/31/2017

ABL Revolver (\$300)	42
Senior Secured Notes due 2021	528
Capital Lease Obligations	15
<b>Total</b>	<b>\$585</b>
Cash and Cash Equivalents	9
<b>Total, net</b> <sup>(1)</sup>	<b>\$576</b>

<sup>(1)</sup> Total, net is calculated as total of ABL Revolver, Senior Secured Notes and Capital Lease Obligations, net of Cash and Cash Equivalents





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## 2017 Outlook

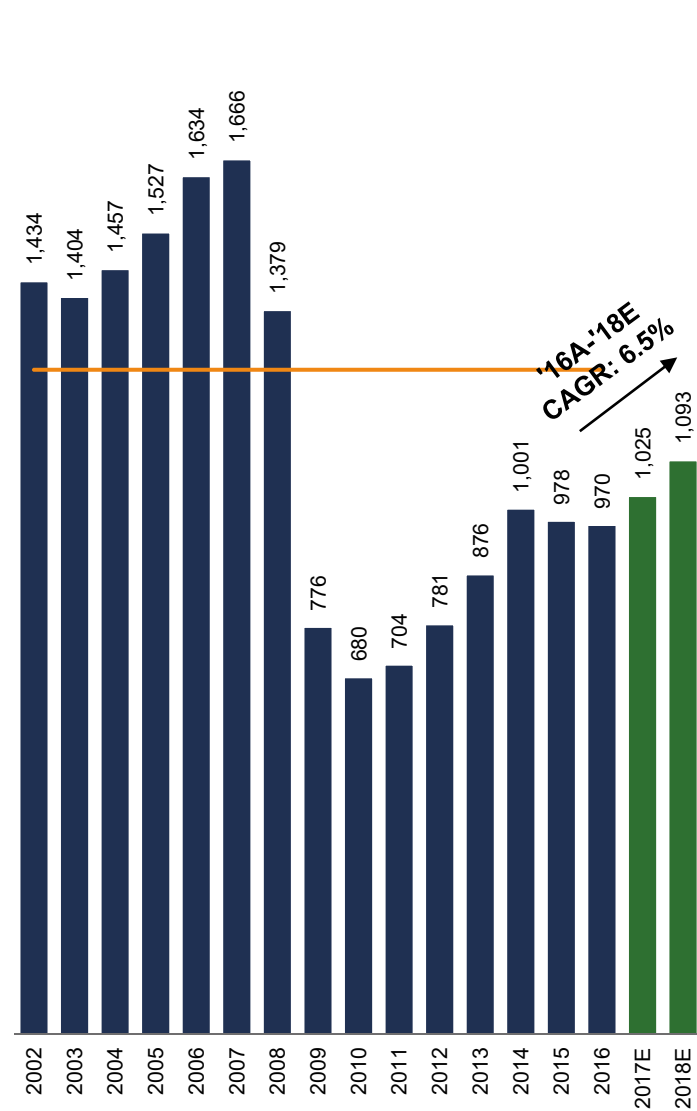


# Favorable Industry Dynamics Across All Key End-Markets

## US New Non-Residential Construction

(million square feet)

### Non-Residential Construction Starts

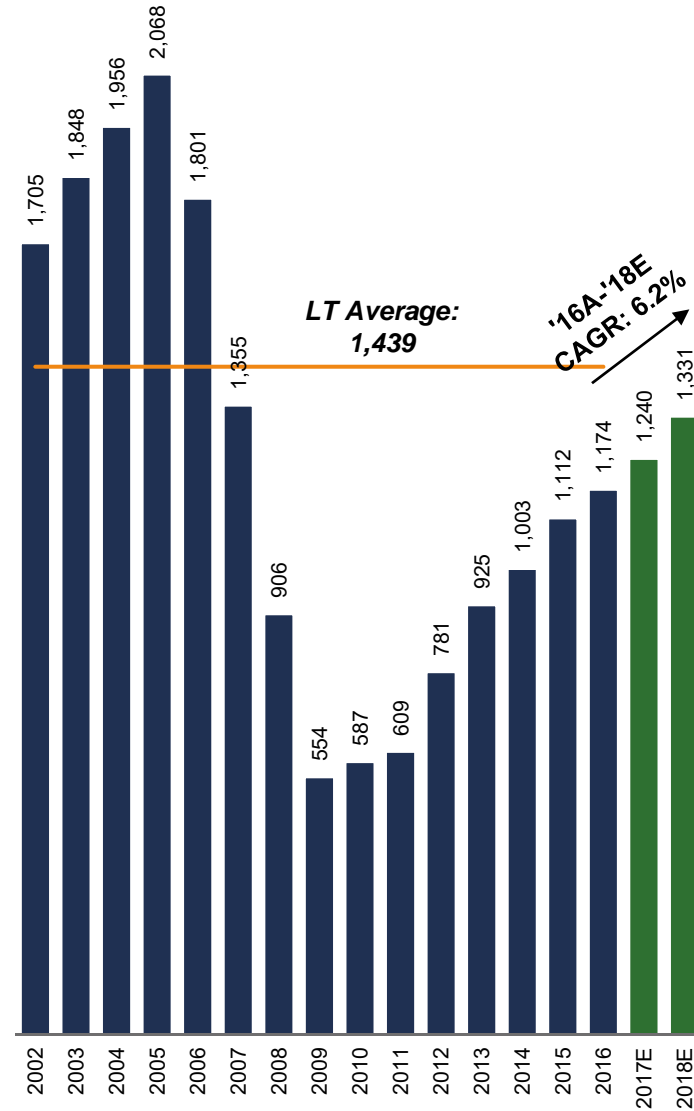


Source: Dodge Data & Analytics

## US New Residential Construction

(units in thousands)

### Annual Housing Starts

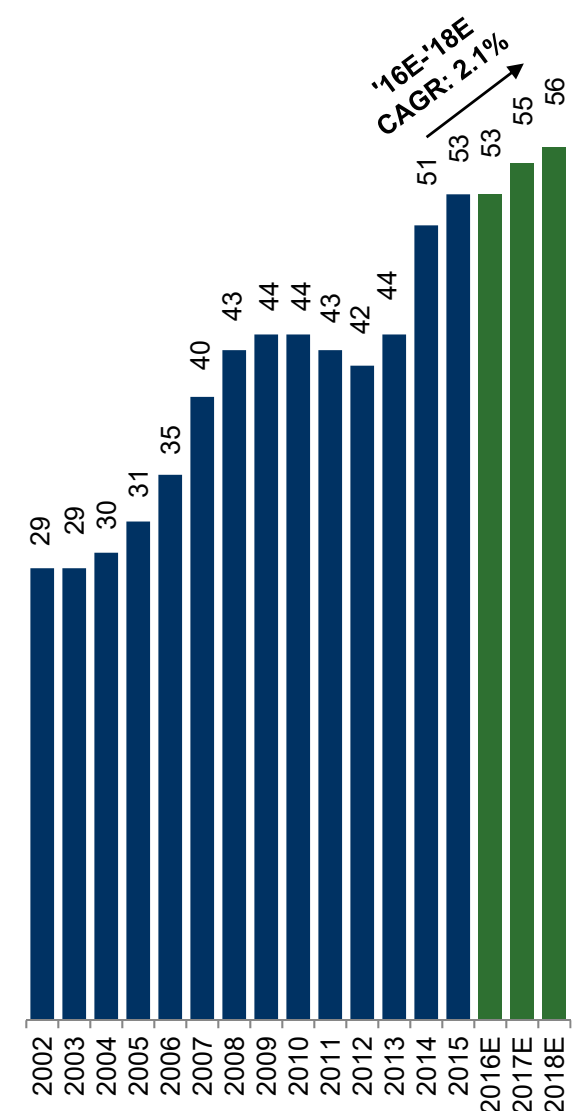


Source: U.S. Census Bureau and National Association of Homebuilders  
 Note: Long Term Average represents last 50 years

## US Non-Residential R&R Construction

(\$ in billions)

### Non-Residential Alterations Spend



Source: Dodge Data & Analytics

### On Track to Deliver Continued Growth and Operational Improvement

- Anticipate continued favorable end market dynamics
  - Commercial, residential, R&R all remain healthy
- Continued base business growth – market growth & share gains
  - Strong organic growth in wallboard and ceilings
- Continued execution of our acquisition strategy – robust pipeline
  - 5 deals completed year-to-date
- Winroc-SPI acquisition integration on track for June completion
  - Largest acquisition in FBM’s history progressing according to plan
- Further progress with key operating initiatives – early innings
  - Expected to drive future margin expansion





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## Appendix

Non-GAAP Reconciliations



# Net Income to Adjusted EBITDA Reconciliation

	<b>Three Months Ended March 31, 2017</b>
(\$ in thousands)	
<b>Net income</b>	<b>\$ 3,929</b>
Interest expense, net	15,214
Income tax expense	2,564
Depreciation and amortization	18,396
<b>EBITDA</b>	<b>\$ 40,103</b>
Unrealized non-cash gain on derivative financial instruments	(13,219)
Initial public offering expenses	2,975
Stock-based compensation	1,553
Non-cash, purchase accounting effects (A)	71
Loss on disposal of property and equipment	152
Management fees (B)	353
<b>Adjusted EBITDA</b>	<b>\$ 31,988</b>
Acquisition costs (C)	600
Winroc intergration costs (D)	1,000
<b>Management total</b>	<b>\$ 33,588</b>
Margin percentage	7.0%

(A) Adjusts for the effect of the purchase accounting step-up in the value of inventory to fair value recognized in cost of goods sold as a result of acquisitions.

(B) Represents fees paid to our former private equity sponsor for services provided pursuant to past management agreements. These fees are no longer being incurred subsequent to our initial public offering.

(C) Represents legal, accounting and other costs related to the transactions.

(D) Costs related to the Winroc acquisition that we believe we will eliminate as synergies are realized.

## Net Sales to Pro Forma Net Sales Reconciliation

	<b>Year Ended</b> <b>December 31, 2016</b>
(\$ in thousands)	
Net sales	\$1,392,509
Ken Builders Supply, Inc.	23,644
Winroc-SPI	463,398
Unaudited 2016 acquisitions	45,508
<b>Pro forma net sales<sup>(1)</sup></b>	<b>\$1,925,059</b>

(1) Pro forma sales for 2016 include sales for Ken Builders Supply, Inc., Kent Gypsum Supply Inc., Mid America Drywall Supply, Inc., Winroc-SPI and United Drywall Supply, Inc. from January 1, 2016 through the respective dates of their acquisition.