



Beacon

Beacon Roofing Supply Posts Net Loss of \$23.4 Million in Q1

February 6, 2020

Beacon Roofing Supply reported a net loss of \$23.4 million in the roofing distributor's fiscal first quarter, a significant change from the \$0.9 million net loss posted in the fiscal first quarter a year ago. The distributor said first quarter results were impacted by lower gross margins and debt refinancing expenses that were incurred to reduce future cash outflows, according to Beacon's first quarter earnings report.

In addition to posting a large net loss for the quarter, Beacon also reported that net sales decreased 2.7% year over year (YOY) to \$1.68 billion from \$1.72 billion. The company attributed lower sales to decreased hurricane-related demand compared to the previous year. Beacon's residential roofing product sales decreased 4.1% YOY, non-residential roofing product sales increased 0.2% YOY, and complementary product sales decreased 3.1% YOY.

"Our first quarter delivered important progress toward our goals," president and CEO Julian Francis said in a news release. Francis took over responsibilities as president and CEO for Paul Isabella last September. "Results were broadly in line with our expectations, highlighted by sequential gross margin improvement and another quarter of growth in our non-residential roofing product line. As expected, our sales declined modestly, which we believe was in line with the market."

Herndon, Va.-based Beacon recorded a first quarter adjusted EBITDA—earnings before interest, taxes, depreciation, and amortization—of \$94.3 million, down \$27.4 million from the \$121.7 million recorded in the fiscal first quarter a year ago. In his public statement, Isabella highlighted the recent unification of 40 exterior product names into the Beacon Building Products brand. Isabella said the new brand enables the company to leverage a nationwide scale to better serve customers and enhance e-commerce investments. Isabella said the company remains "well positioned" to deliver annual sales and adjusted EBITDA growth for the fiscal 2020 year.

Beacon Roofing Supply ranked as the third largest company on the 2019 ProSales 100. The distributor operates more than 500 branches throughout all 50 states in the United States and in six Canadian provinces.