

1Q 2020 Earnings Presentation

May 13, 2020

Disclaimers

Forward-Looking Statements

Certain statements and information in this presentation may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as “believe,” “anticipate," “guidance,” “plan,” “potential,” “expect,” “should,” “will,” “forecast,” “target” and similar expressions are forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements reflect our current expectations, assumptions and/or beliefs concerning future events. As a result, these forward-looking statements rely on a number of assumptions, forecasts, and estimates and, therefore, these forward-looking statements are subject to a number of risks and uncertainties that may cause the Company's actual performance to differ materially from that projected in such statements. Such forward-looking statements may include, but are not limited to, statements concerning our market commentary and performance expectations. Among the factors that could cause actual results to differ materially include, but are not limited to, industry cyclicality and seasonality and adverse weather conditions; challenging economic conditions affecting the nonresidential construction industry; downturns in the residential new construction and repair and remodeling end markets, or the economy or the availability of consumer credit; volatility in the United States (“U.S.”) economy and abroad, generally, and in the credit markets; the outbreak of a health epidemic or pandemic, including the coronavirus disease 2019 (“COVID-19”) pandemic; precautions taken due to the recent COVID-19 pandemic that could harm our business; impairment of goodwill and/or intangible assets; our ability to successfully develop new products or improve existing products; the effects of manufacturing or assembly realignments; seasonality of the business and other external factors beyond our control; commodity price volatility and/or limited availability of raw materials, including steel, PVC resin, glass and aluminum; our ability to identify and develop relationships with a sufficient number of qualified suppliers and to avoid a significant interruption in our supply chains; retention and replacement of key personnel; enforcement and obsolescence of our intellectual property rights; costs related to compliance with, violations of or liabilities under environmental, health and safety laws; changes in building codes and standards; competitive activity and pricing pressure in our industry; our ability to make strategic acquisitions accretive to earnings; our ability to carry out our restructuring plans and to fully realize the expected cost savings; global climate change, including legal, regulatory or market responses thereto; breaches of our information system security measures; damage to our computer infrastructure and software systems; necessary maintenance or replacements to our enterprise resource planning technologies; potential personal injury, property damage or product liability claims or other types of litigation; compliance with certain laws related to our international business operations; increases in labor costs, potential labor disputes, union organizing activity and work stoppages at our facilities or the facilities of our suppliers; significant changes in factors and assumptions used to measure certain of our defined benefit plan obligations and the effect of actual investment returns on pension assets; the cost and difficulty associated with integrating and combining acquired businesses; volatility of the Company’s stock price; substantial governance and other rights held by the Investors; the effect on our common stock price caused by transactions engaged in by the Investors, our directors or executives; our substantial indebtedness and our ability to incur substantially more indebtedness; limitations that our debt agreements place on our ability to engage in certain business and financial transactions; our ability to obtain financing on acceptable terms; downgrades of our credit ratings; and the effect of increased interest rates on our ability to service our debt. See also the “Risk Factors” in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2019 and other risks described in documents subsequently filed by the Company from time to time with the SEC, which identify other important factors, though not necessarily all such factors, that could cause future outcomes to differ materially from those set forth in the forward-looking statements. The Company expressly disclaims any obligation to release publicly any updates or revisions to these forward-looking statements, whether as a result of new information, future events, or otherwise.

Non-GAAP Financial Measures

This presentation includes certain "non-GAAP financial measures" as defined under the Securities Exchange Act of 1934 and in accordance with Regulation G. Management believes the use of such non-GAAP financial measures assists investors in understanding the ongoing operating performance of the Company by presenting the financial results between periods on a more comparable basis. Such non-GAAP financial measures should not be construed as an alternative to reported results determined in accordance with U.S. GAAP. We have included reconciliations of these non-GAAP financial measures to the most directly comparable financial measures calculated and provided in accordance with U.S. GAAP in the Appendix to this presentation.

COVID-19 Response: Quick and Decisive Actions to Care for…

Employees

- Deployed policies and practices consistent with CDC and government guidelines
- Implemented rigorous facility cleaning procedures
- Reconfigured workspaces and direction to adhere to social distancing
- Instituted telecommuting/remote work, where possible

Customers

- Increased communications with all stakeholders – including customers – to maintain business continuity
- Currently operating all manufacturing and distribution facilities, and installation services
- Developed alternative sourcing and stocking options

Company

- Rationalizing facility and organizational structures
- Reducing discretionary and non-essential expenses
- Preserving ample liquidity and cash flow
- Accelerating strategic priorities

Safety and well-being of key stakeholders is highest priority

Operating From a Position of Strength and Resiliency

Strong 1Q20 performance and delivered 3rd consecutive quarter of margin expansion in each segment

- Pro forma net sales[1] growth of ~3% over pro forma 1Q19[1] driven primarily by price discipline, net of inflation
- Pro forma Adj. EBITDA[1] of $98 million exceeded top end of guidance range
- Pro forma Adj. EBITDA[1] as percent of net sales: 210 basis points improvement
- Cash and cash equivalents of $476 million with covenant-lite structure and no near-term maturities

Resilient business model positioned to navigate through uncertainty

- Balanced end-market exposure
- National production footprint and distribution network
- Focus on business continuity and servicing customers
- Disciplined cost improvement culture
- Proven leadership team



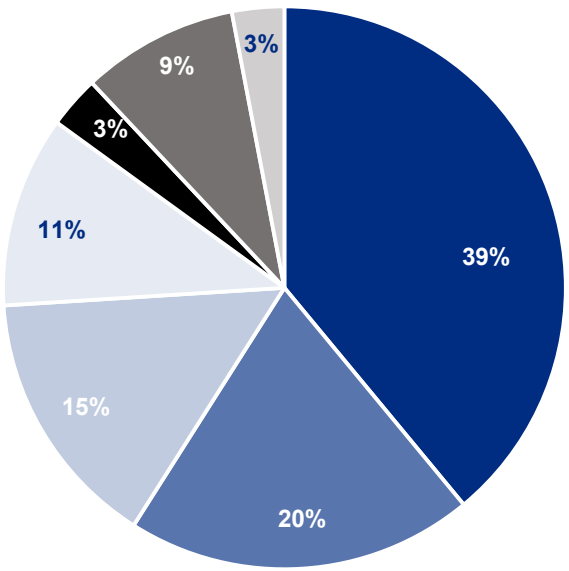
CORNERSTONE BUILDING BRANDS

1 Adjusted financial metrics used in the presentation are non-GAAP measures and refer to the results for 2020 and 2019. Pro forma financial metrics used in this release for results in 2020 and 2019 are also non-GAAP measures and adjust for other items affecting comparability. See reconciliations of GAAP results to adjusted results and pro forma results in the appendix.

Diverse Products and End Markets

Diverse Product Portfolio

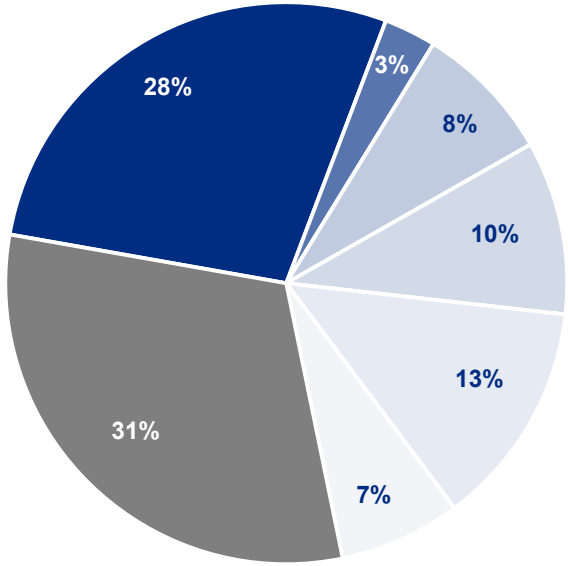
Pro Forma Net Sales by Product[1,2]



- Windows
- Siding
- Buildings
- Components
- Coaters
- Wall Systems
- Stone

Diverse End Markets

Pro Forma Net Sales by End Markets[1,2]



- Single-Family Residential New Construction
- Multi-Family Residential New Construction
- Non-Residential Institutional
- Non-Residential Industrial
- Non-Residential Commercial
- Non-Residential Agriculture & Other
- Residential Repair & Remodel

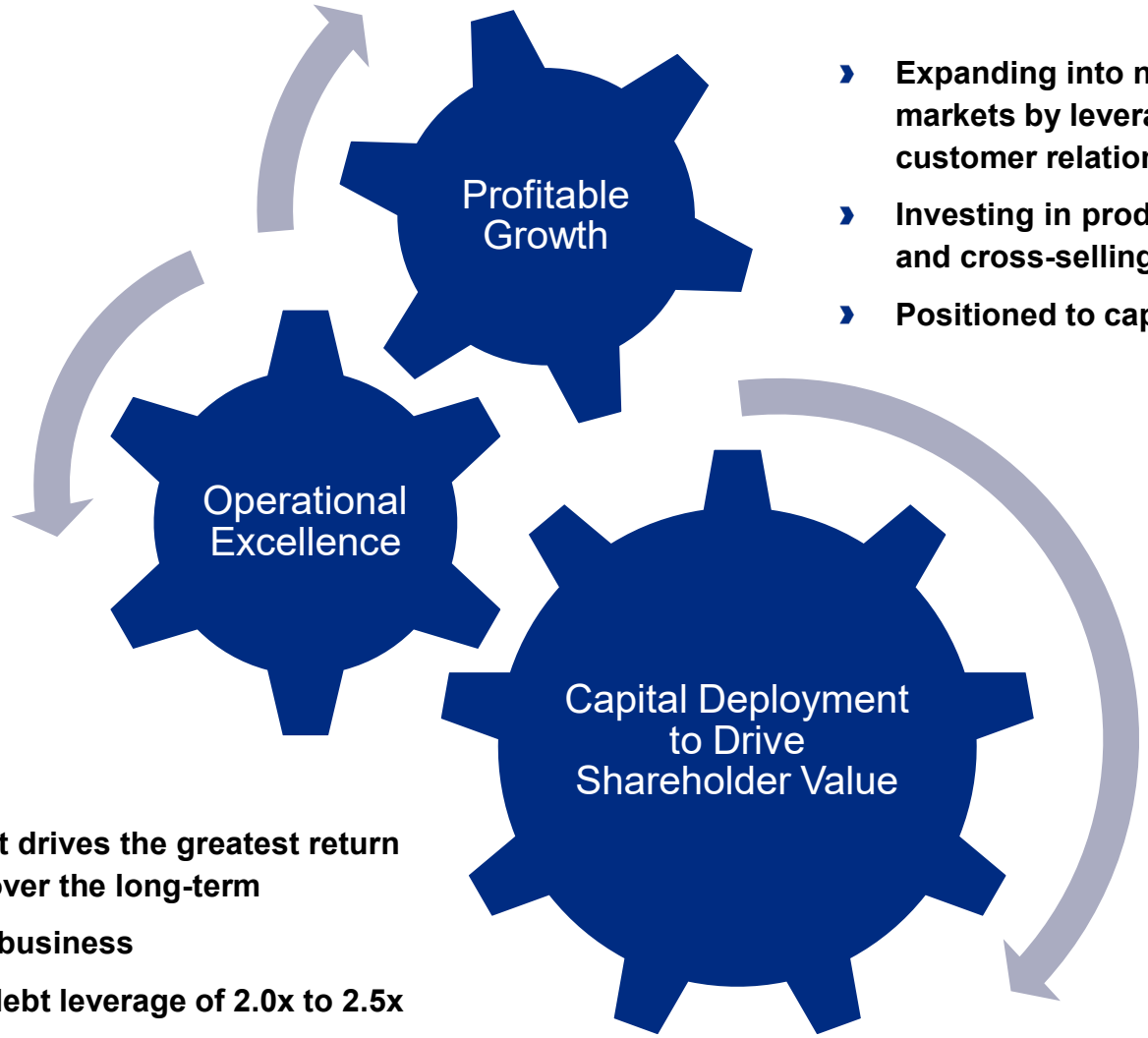
- Diverse non-residential market sub-sectors
  - Warehouses
  - Manufacturing
  - Public Buildings
  - Retail
  - Healthcare

- April 2020 net sales were ~25% lower than pro forma April 2019
- Anticipate 2Q20 net sales to be in line with or better than April results

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2 Based on FY 2019 pro forma net sales

Accelerating Strategy to Position CNR to Win in Recovery

- **Taking meaningful actions to permanently improve cost structure**
  - **Margin expansion is a guiding principle**
  - **Operate with a relentless drive for exceptional results**
  - **Continuous improvement culture**
  - **Investments in automation**



- **Expanding into new and existing markets by leveraging our customer relationships**
- **Investing in product line extensions and cross-selling**
- **Positioned to capture market share**

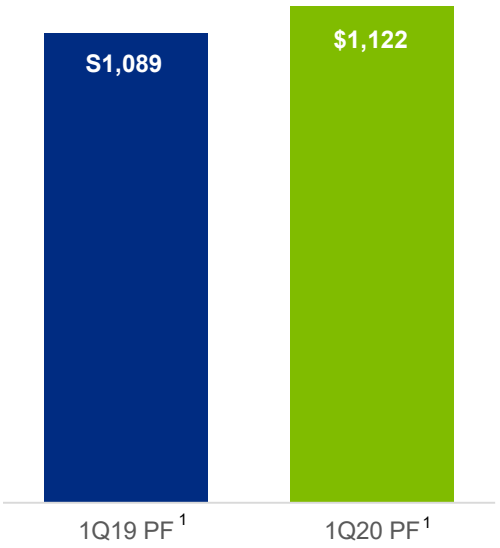
- **Deploy capital that drives the greatest return for shareholders over the long-term**
- **Invest in the core business**
- **Target long-term debt leverage of 2.0x to 2.5x**

Financial Performance

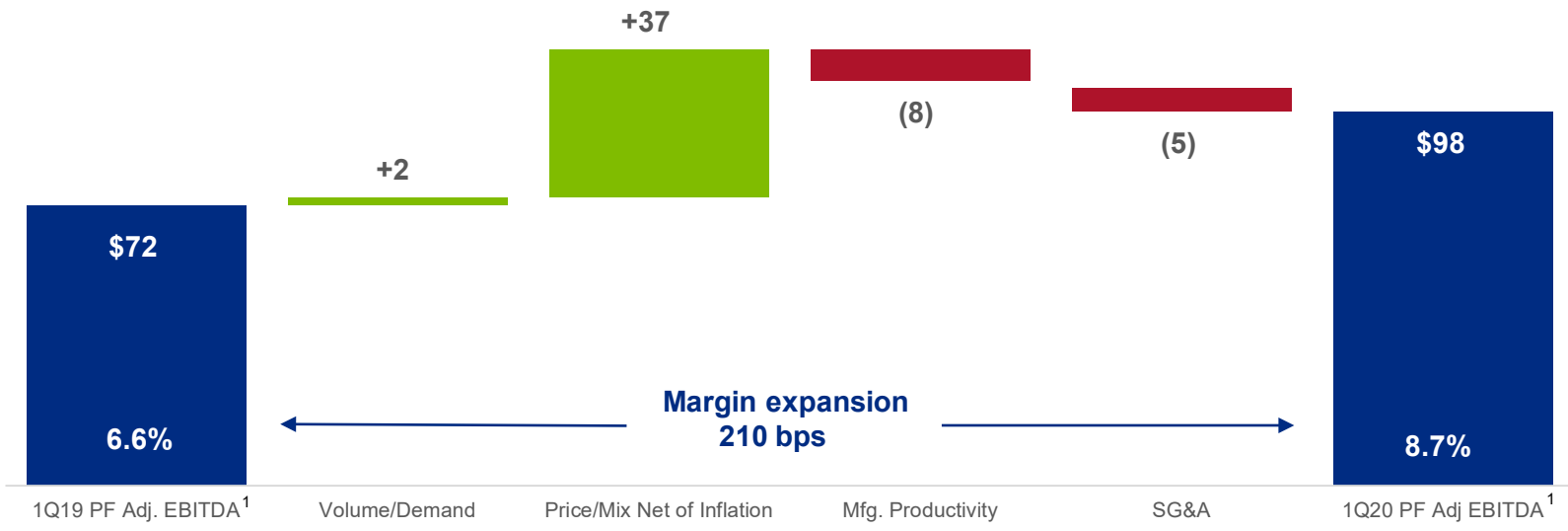


1Q 2020 Operating Performance

Quarterly Pro Forma Net Sales
(in millions)



Quarterly Pro Forma Adjusted EBITDA
(in millions)

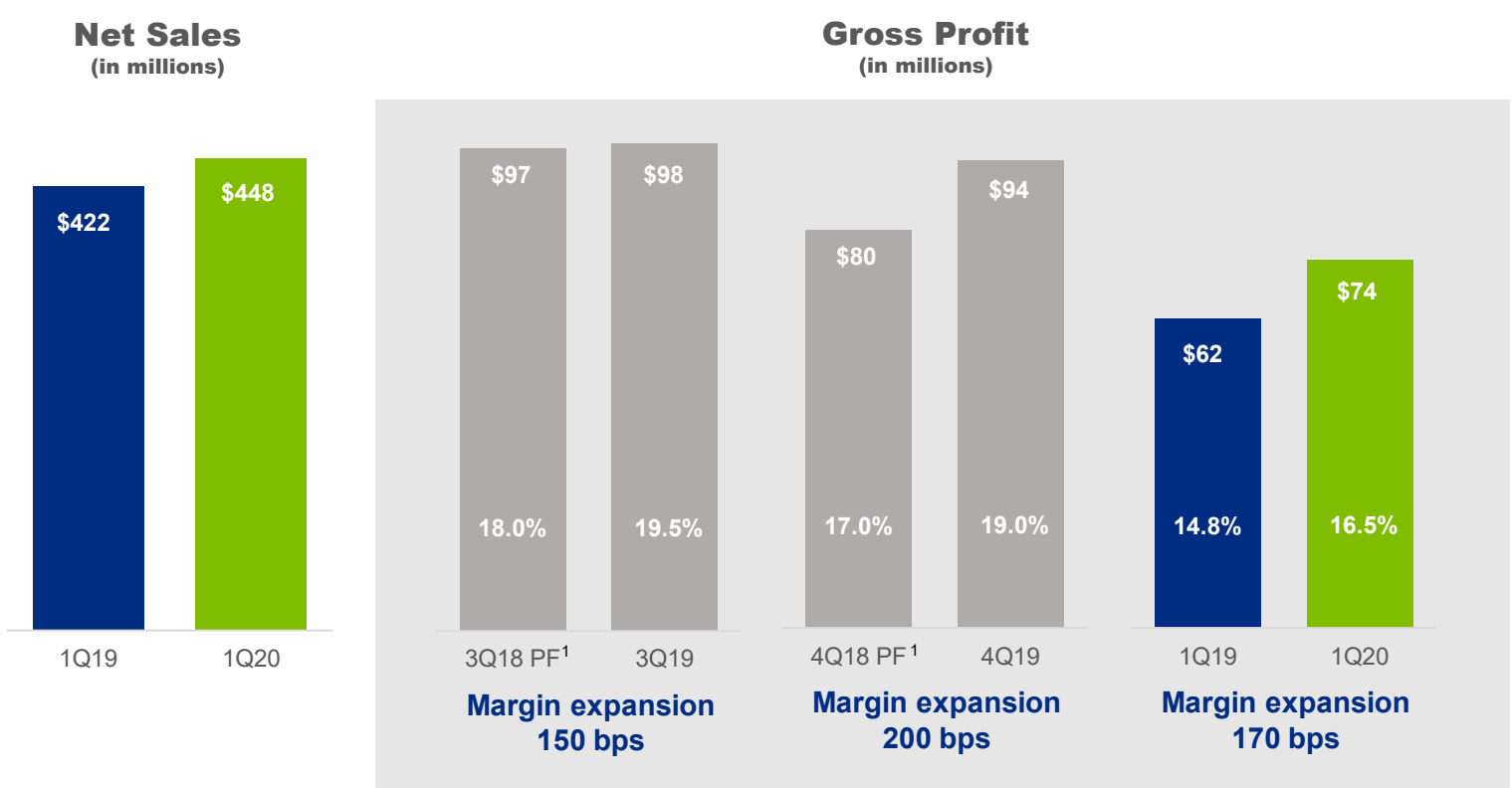


- Delivered third consecutive quarter of margin expansion in all segments
- Maintained disciplined focus on price/mix, net of inflation
- Realized higher manufacturing costs in response to labor shortages and readiness for seasonally strong 2Q
- Actions have been taken to align cost structure with anticipated lower volumes

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1Q 2020 Windows Segment Performance





Net sales increased ~6% and gross profit as a percent of net sales improved 170 basis points primarily from favorable price/mix within the U.S. Windows business and achieved cost savings in manufacturing

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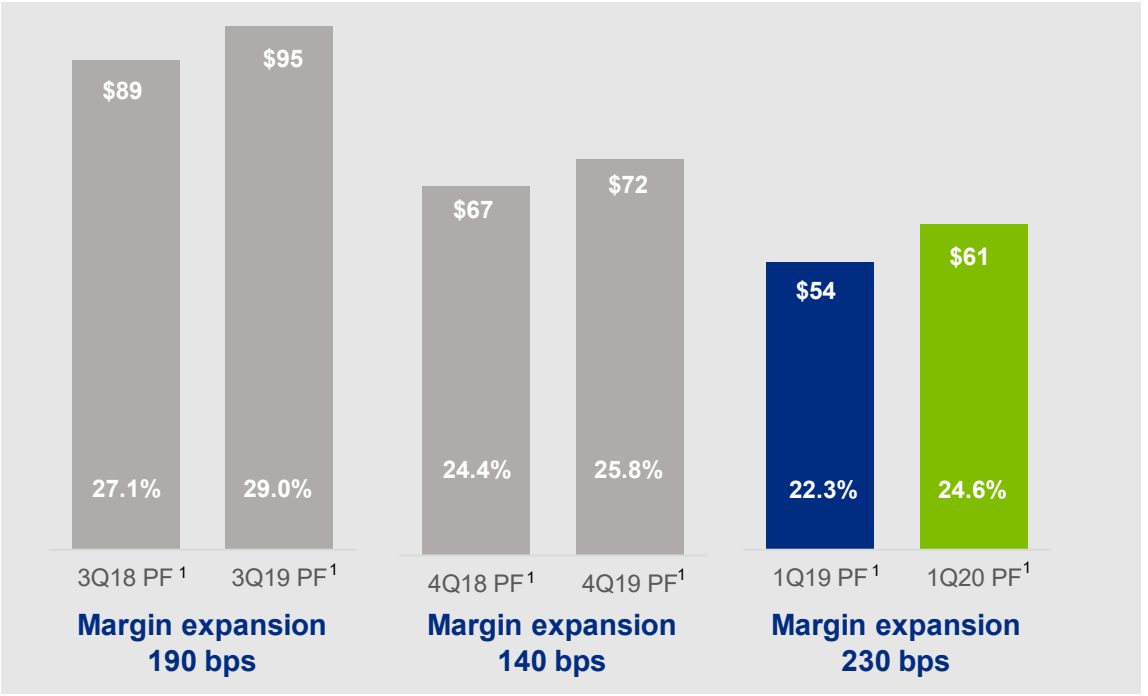
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1Q 2020 Siding Segment Performance

Pro Forma Net Sales
(in millions)



Pro Forma Gross Profit
(in millions)





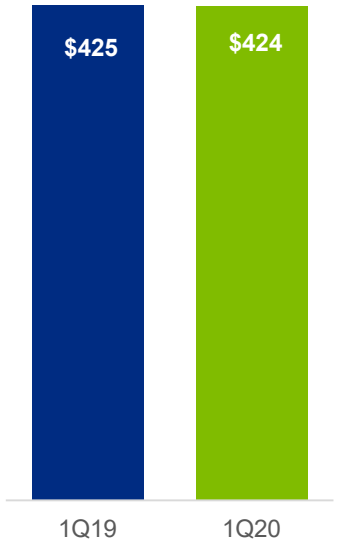
Pro forma net sales increased ~3% and pro forma gross margin expanded 230 basis points primarily from favorable price/mix, net of inflation

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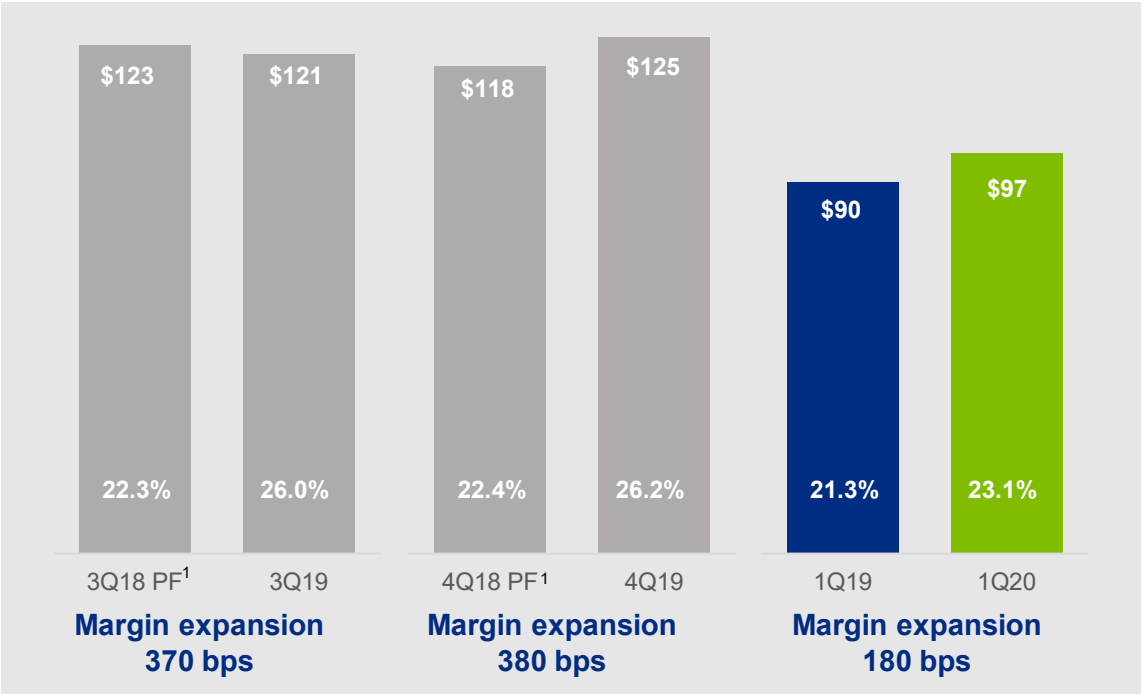
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1Q 2020 Commercial Segment Performance

Net Sales
(in millions)



Gross Profit
(in millions)





Gross profit as a percent of net sales improved 180 basis points primarily from lower material costs partially offset by higher variable overhead

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Near-Term Expense Management And Structural Expense Reduction…

Expect decremental margins of 30% on lower volumes

- Demand-related employee furloughs
- Altered work schedules

Near-term expense management actions providing savings of $40 million to $60 million

- Delay wage adjustments, merit increases and other variable compensation programs
- Reduce discretionary and non-essential expenses
- Immediate hiring freeze of open roles

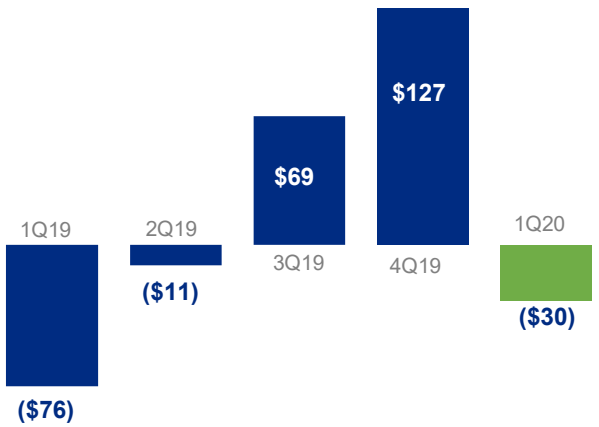
Structural cost reduction initiatives totaling $80 million to $100 million

- Accelerate organization right sizing and business simplification
- Rationalize manufacturing footprint
- Execute operational excellence initiatives

… makes Cornerstone leaner, more agile and customer-focused

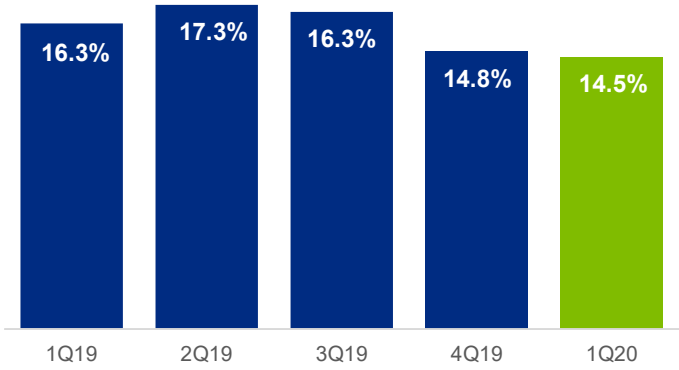
Liquidity Supported by Significant Cash Generating Actions

Free Cash Flow[1]
(in millions)



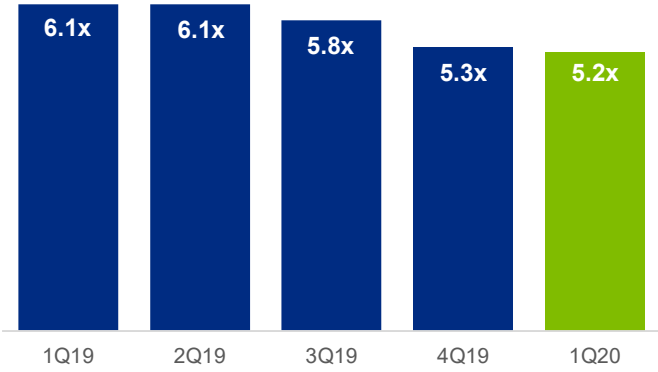
- **Expect to generate strong free cash flow over the rest of 2020**
  - Anticipate net tax benefits of $25 million
  - Expect cash interest expense of $200 million
  - Expect cash restructuring costs of $35 million
- **1Q typically seasonal low point for free cash flow; expect significant step-up**
- **Reduce capital expenditures by approximately $30 million**
- **Cost initiatives to meaningfully contribute**

Primary Working Capital as a Percent of Pro Forma Net Sales[2]



- **Effective working capital management expected to be a source of cash between $100 million to $120 million in 2020**

Net Debt Leverage[3]



- **Remain committed to capital allocation priorities**
  - Fund maintenance and operational excellence programs from operating cash flows
  - Growth investments that enhance margin improvements
  - Debt pay down
- **Ample liquidity with $476 million of cash and cash equivalents and $118 million of availability on asset-based revolving credit facility as of April 4, 2020**
- **Covenant-lite debt structure and no near-term debt maturities**

Ample liquidity with $476 million of unrestricted cash and cash equivalents and no near-term debt maturities

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1 Free cash flow defined as net cash from operating activities less capital expenditures
2 Primary working capital defined as accounts receivable, accounts payable, and inventory, net
3 Net debt leverage defined as net debt divided by LTM pro forma Adjusted EBITDA. See appendix for reconciliations of non-GAAP financial measures

Key Takeaways: We Will Emerge STRONGER

Experienced leadership team taking swift and decisive actions

- Safety and well-being of key stakeholders is highest priority
- Managing liquidity to combat multiple scenarios; remain diligent in preserving strong financial position
- Executed with speed to improve cash generation and lower costs
- Continued focus on invocation, investing in new product offerings to generate profitable growth

Outlook uncertain but financial discipline and strong long-term fundamentals position us well for economic recovery

- Structural cost reduction initiatives totaling $80 million to $100 million
- Near-term expense management actions providing savings of $40 million to $60 million
- Capital expenditures reduction of approximately $30 million
- Effective working capital management of $100 million to $120 million



Q&A



Appendix



Pro Forma Net Sales and Gross Profit Reconciliation for 1Q20

($ in thousands)			Pro Forma Adjustments			
	Reported		Acquisitions[1]		Pro Forma	
For the Three Months Ended April 4, 2020						
Net Sales						
Windows	$	448,450	$	-	$	448,450
Siding		241,043		8,358		249,401
Commercial		424,318		-		424,318
Total Net Sales	$	1,113,811	$	8,358	$	1,122,169
						% of Net Sales
Gross Profit						
Windows	$	74,001		-	$	74,001	16.5 %
Siding		59,042		2,300		61,342	24.6 %
Commercial		97,844		-		97,844	23.1 %
Total Gross Profit	$	230,887	$	2,300	$	233,187	20.8 %

[1]Acquisitions reflect the estimated impact for Environmental Stoneworks and Kleary Masonry, Inc.

Adjusted EBITDA and Pro Forma Adjusted EBITDA Reconciliation for 1Q20

($ in thousands)
For the Three Months Ended April 4, 2020

Operating loss, GAAP	$	**(500,791)**
Restructuring and impairment charges, net		13,992
Strategic development and acquisition related costs		4,857
Non cash charge of purchase price allocated to inventories		—
Goodwill impairment		503,171
Customer inventory buybacks		120
COVID-19		1,230
Other, net		1,138
Adjusted operating income		**23,717**
Other income (expense), net		(662)
Depreciation and amortization		69,769
Share-based compensation expense		3,387
Adjusted EBITDA		**96,211**
Impact of Environmental Stoneworks and Kleary acquisitions(1)		1,869
Pro Forma Adjusted EBITDA	**$**	**98,080**

[1]Acquisitions reflect the estimated impact for Environmental Stoneworks and Kleary Masonry, Inc.

Pro Forma Net Sales and Gross Profit Reconciliation

($ in thousands)
(Unaudited)

	Reported	Acquisitions[1,2]	Pro Forma	
For the three months ended March 30, 2019				
Net Sales				
Windows	$ 421,594	$ —	$ 421,594	
Siding	218,277	23,909	242,186	
Commercial	424,961	—	424,961	
Total Net Sales	$ 1,064,832	$ 23,909	$ 1,088,741	
Gross Profit				**% of Net Sales**
Windows	$ 62,340	$ —	$ 62,340	14.8 %
Siding	33,176	20,870	54,046	22.3 %
Commercial	90,401	—	90,401	21.3 %
Total Gross Profit	$ 185,917	$ 20,870	$ 206,787	19.0 %
For the Three Months Ended June 29, 2019				
Total Net Sales	$ 1,295,457	$ 11,730	$ 1,307,187	

1 Acquisitions reflect the estimated impact of combining Environmental Stoneworks for the period January 1, 2019 to the acquisition date of February 20, 2019 and Kleary Masonry Inc, from January 1, 2019
2 Gross margin adjustment for the non-cash inventory fair value step-up of approximately $16.2M associated with the Ply Gem Merger and Environmental Stoneworks acquisition.

Pro Forma Net Sales and Gross Profit Reconciliation for 3Q18 and 4Q18

($ in thousands) For the Fourth Quarter of 2018	Reported	Acquisitions[1]	Change in Fiscal Period[2]	Pro Forma
Net Sales				
Commercial	$ 573,634	$ -	$ (45,024)	$ 528,610
Siding	-	276,209	-	276,209
Windows	-	471,825	-	471,825
Total Net Sales	$ 573,634	$ 748,034	$ (45,024)	$ 1,276,644
Gross Profit				
Commercial	$ 133,281	$ -	$ (14,936)	$ 118,345
Siding	-	67,341	-	67,341
Windows	-	80,316	-	80,316
Total Gross Profit	$ 133,281	$ 147,657	$ (14,938)	$ 266,000

($ in thousands) For the Third Quarter of 2018	Reported	Acquisitions[1]	Change in Fiscal Period[2]	Pro Forma
Net Sales				
Commercial	$ 548,525	$ -	$ 2,204	$ 550,729
Siding	-	326,711	-	326,711
Windows	-	539,929	-	539,929
Total Net Sales	$ 548,525	$ 866,640	$ 2,204	$ 1,417,369
Gross Profit				
Commercial	$ 133,401	$ -	$ (10,524)	$ 122,877
Siding	-	88,549	-	88,549
Windows	-	96,918	-	96,918
Total Gross Profit	$ 133,401	$ 185,467	$ (10,524)	$ 308,344

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1 Acquisitions reflect the estimated impact of combining Ply Gem, Atrium, Silver Line, Environmental Stoneworks, and Kleary Masonry, Inc.
2 Change in fiscal period reflects the estimated impact from moving from a 52/53 week fiscal year-end to a four-four-five calendar year.

2019 Quarterly and Full Year Adjusted EBITDA and Pro Forma Adjusted EBITDA Reconciliation

($ in millions)	For the three months ended March 30, 2019	For the three months ended June 29, 2019	For the three months ended September 28, 2019	For the three months ended December 31, 2019	YTD for the twelve months ended December 31, 2019
Operating income (loss), GAAP	**($27.4)**	**$80.9**	**$95.6**	**$65.6**	**$214.7**
Restructuring and impairment	3.4	7.1	5.0	2.5	18.1
Strategic development and acquisition related costs	14.1	12.1	10.5	13.5	50.2
Non cash charge of purchase price allocated to inventories	16.3	-	-	-	16.3
Customer inventory buybacks	0.2	0.2	0.1	-	0.6
Other, net	0.7	1.4	1.7	0.9	4.7
Adjusted operating income	**$7.4**	**$101.7**	**$112.9**	**$82.6**	**$304.6**
Other income and expense, net	0.3	(0.4)	0.7	0.5	1.1
Depreciation and amortization	60.0	67.5	64.0	72.3	263.8
Share-based compensation expense	4.0	3.5	3.1	3.5	14.1
Adjusted EBITDA	**$71.7**	**$172.3**	**$180.7**	**$158.9**	**$583.6**
Pro Forma Adj. EBITDA impact for Acquisitions[1]	.4	2.7	3.8	2.6	9.5
Pro Forma Adjusted EBITDA	**$72.1**	**$175.0**	**$184.5**	**$161.5**	**$593.1**

1 Reflects the Adjusted EBITDA of Environmental Stoneworks for the period January 1, 2019 to the acquisition date of February 20, 2019 and Kleary Masonry Inc, from January 1, 2019 through December 31, 2019.

2018 Quarterly and Full Year Adjusted EBITDA and Pro Forma Adjusted EBITDA Reconciliation

($ in millions)	For the three months ended March 31, 2018	For the three months ended June 30, 2018	For the three months ended September 29, 2018	For the three months ended December 31, 2018	YTD for the twelve months ended December 31, 2018
Operating income (loss), GAAP	**$12.9**	**$19.0**	**$54.5**	**$39.6**	**$125.9**
Restructuring and impairment	1.1	0.5	(0.4)	0.8	1.9
Strategic development and acquisition related costs	0.7	1.1	3.6	11.7	17.1
Loss (gain) on disposition of business	-	6.7	(1.0)	-	5.7
Acceleration of CEO retirement benefits	4.6	-	-	-	4.6
Gain on insurance recovery	-	-	(4.7)	-	(4.7)
Other, net	(0.3)	-	-	-	(0.3)
Adjusted operating income	**$19.0**	**$27.3**	**$52.0**	**$52.0**	**$150.2**
Other income and expense, net	1.1	-	0.1	(0.1)	1.0
Depreciation and amortization	10.4	10.4	10.2	11.3	42.3
Share-based compensation expense	2.3	2.0	1.0	2.7	8.0
Adjusted EBITDA	**$32.9**	**$39.7**	**$63.3**	**$65.9**	**$201.5**
Change in fiscal period[1]	(1.8)	18.1	(10.9)	(16.2)	(10.6)
Impact of acquisitions[2]	43.2	117.9	115.4	80.4	357.0
Pro Forma Adjusted EBITDA	**$74.3**	**$175.7**	**$167.8**	**$130.1**	**$547.9**

CORNERSTONE BUILDING BRANDS

1 The change in fiscal period reflects the estimated impact from moving from a 52/53 week fiscal year-end to a four-four-five week calendar year
2 The impact of acquisitions reflects the estimated impact of the Ply Gem, Atrium, Silver Line, Environmental Stoneworks and Kleary Masonry, Inc acquisitions for each period presented.