

3Q 2020 Earnings Presentation

November 10, 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 expectations for residential and non-residential end markets and our financial outlook and guidance, including our fourth quarter 2020 forecasted net sales, gross profit, and Adjusted EBITDA, and our fiscal year 2020 forecasted capital spending, cash interest expense, cash tax expense, benefits from primary working capital and cash restructuring costs. 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, Quarterly Reports on Form 10-Q for the quarterly period ended April 4, 2020 and July 4, 2020 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. A reconciliation of the forecasted range for Adjusted EBITDA for the fourth quarter of 2020 is not included in this presentation due to the number of variables in the projected range and because we are currently unable to quantify accurately certain amounts that would be required to be included in the GAAP measure or the individual adjustments for such reconciliation. In addition, we believe such reconciliation would imply a degree of precision that would be confusing or misleading to investors.

We are Committed to Creating Great Communities



Environmental

- We employ waste solvent and scrap PVC recycling programs that allow reuse of reclaimed wastes back into our manufacturing processes
- We utilize ISO 14001-certified Environmental Management Systems within coil coating facilities
- Invested $2.5 million on pollution control equipment designed to optimize waste heat recovery and reduce energy consumption



Social

- Our Employee Assistance Foundation assists employees in need of emergency financial support & we offer Employee Assistance Programs to all employees
- Our Core Values, Talent Philosophy, and Success Model provide a framework for an inclusive culture
- Our extensive online learning programs provide development for all employees at every level
- Through our Home for Good project, we helped build 500+ homes for those in need of affordable housing



Governance

- Governance policies and processes are rooted in our core values of ethics and integrity, and include:
  - Code of Conduct and Ethics
  - Independent Ethics Hotline
  - Anti-Corruption & Trade Compliance Policy Statement & Compliance Guide
  - Corporate Governance Guidelines
- Manage risks utilizing our Enterprise Risk Management and Compliance policies

Performance Highlights – Financial and Operational Success

Delivered strong third-quarter results:

- Achieved sixth consecutive quarter of year-over- year Adjusted EBITDA[1] margin expansion in each segment
  - Earned all-time high 15.8% Adjusted EBITDA margin[1] as a percentage of net sales; which is160 basis points of margin expansion over pro forma prior year
- Generated quarterly net operating cash flow of $170 million, more than double prior year
- Captured approximately $75 million of year over year structural cost improvements on a year-to-date basis
- Issued $500 million of senior unsecured notes, enhancing our liquidity profile, strengthening the balance sheet by extending debt maturity profile and improving financial flexibility
  - Reduced net debt leverage[1] ratio to 4.9x, an improvement of 0.9x year-over-year



Performed well operationally: Maintained our value proposition and price leadership in the market

- Safety and well-being of key stakeholders remains highest priority
- Historic backlog levels in Windows and Siding Segments
- Installed two automated window lines in North Brunswick, New Jersey facility increasing capacity by 20% for our largest product line to better serve our residential customers

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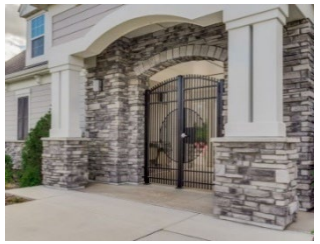
Residential End-Market Fundamentals are Solid





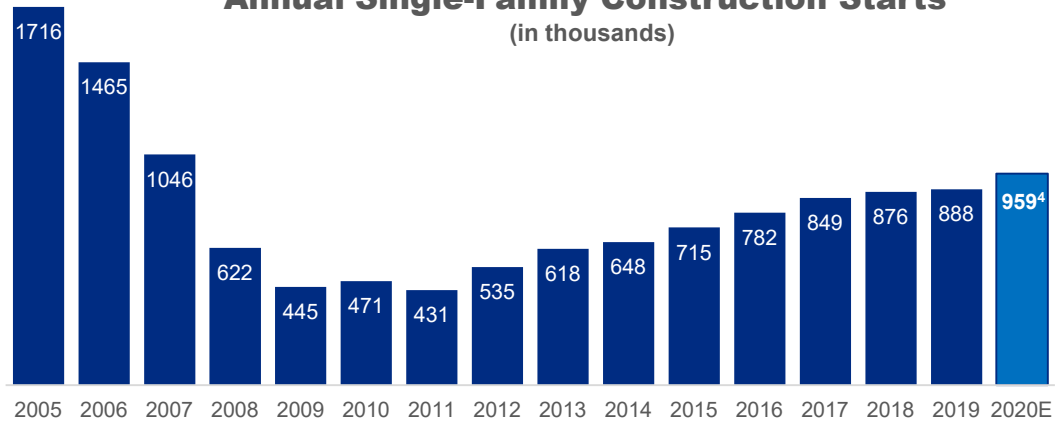




32%[1]

Annual Single-Family Construction Starts[2]

(in thousands)



- Robust home builder activity with home builder confidence at or near all time highs
- Pent up demand from housing starts lagging US population growth
- Shift in consumer preference to suburban, single family homes
- Strong growth from first time and entry level home buyers, where our products are particularly well suited

32%[1]

Leading Indicator of Remodeling Activity[3]

(in billions)



- R&R market has shown consistent growth
- Increased home spending as homeowners spend more time at home working, living and entertaining
- Growth supported by age of U.S. housing stock, rising home equity and availability of consumer capital

CORNERSTONE BUILDING BRANDS

1 Represents percentage of LTM pro forma net sales for the 12-month period ended 10/3/20.
2 Source: U.S. Census Bureau
3 Source: Joint Center for Housing Studies of Harvard University – LIRA Model
4 Source: Cornerstone Building Brands and consensus estimates

Commercial End Markets are Mixed, Yet Stable



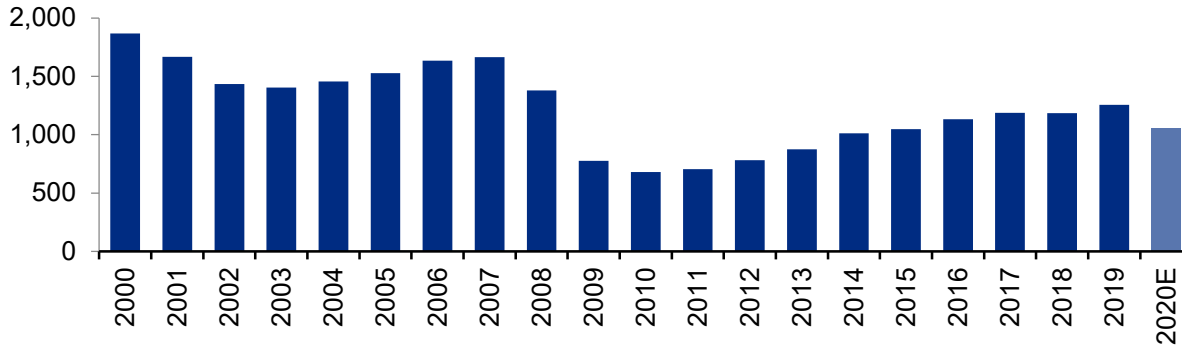






36%[1] **Total Non-Residential Construction Starts[2]**

(mm sq. ft.)



Low-Rise Non-Residential Represents ~90% of Total Non-Residential Starts[3]

Low-Rise Non-Residential Building Applications



Warehouses



Manufacturing



Public Buildings



Office



Retail



Agriculture

- Participates in a diversified mix of low-rise (under 5 stories) non-residential building applications
- Low-rise building applications are central to growing suburban areas
- Broad range of applications positioned for growth.
  - *Warehouses and other distribution applications represent ~25% of Commercial segment net sales and are well positioned to benefit from continued growth in global e-commerce*
  - *Other applications generally positioned to benefit from increased public and private spending coupled with the positive fundamentals from residential*

1 Represents percentage of LTM pro forma net sales for the 12-month period ended 10/3/20.
2 Dodge Data & Analytics, Q3 2020 Forecast.
3 Dodge Data & Analytics, by millions of sq ft. Reflects the average from 2003 – 2019.

Cornerstone Building Brands: A Compelling Investment

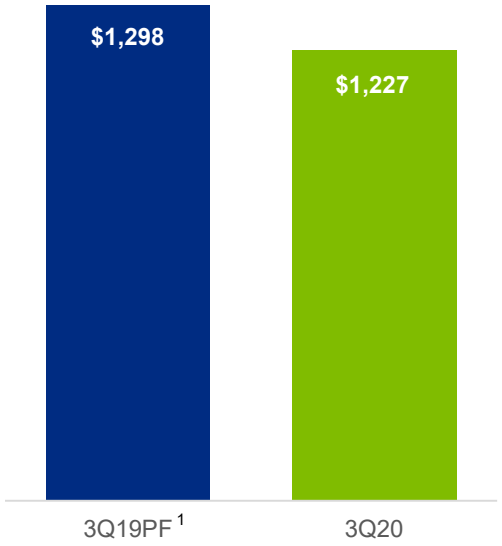
1	Largest Manufacturer of Exterior Building Products in North America
2	Expansive Portfolio of High Quality Products with Strong Brand Recognition
3	Multichannel Distribution Platform Serving a Broad, Long-Tenured Customer Base
4	Highly Efficient, Vertically-Integrated, Low-Cost Operating Platform
5	Diverse End Markets with Strong Fundamentals Support Future Growth
6	Significant Cash Flow Generation with Proven Ability to Delever
7	Proven Management Team Focused on Execution

Financial Performance

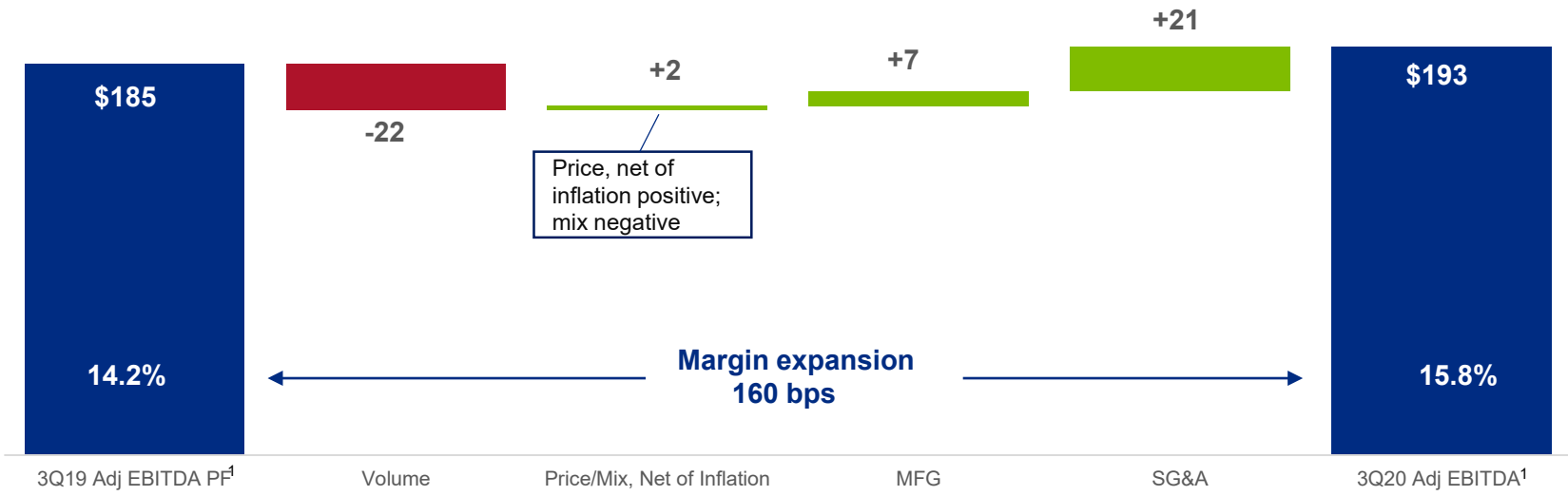


3Q 2020 Operating Performance

Quarterly Net Sales
(in millions)



Quarterly Adjusted EBITDA[1]
(in millions)
And Margin[1] %



- Meaningful Adjusted EBITDA[1] margin expansion for the sixth consecutive quarter
- Strong price, net of inflation captured in all segments
- Product mix shift from impact of COVID-19 within the Commercial segment
- Excellent operational execution of structural costs and near-term expenses reductions

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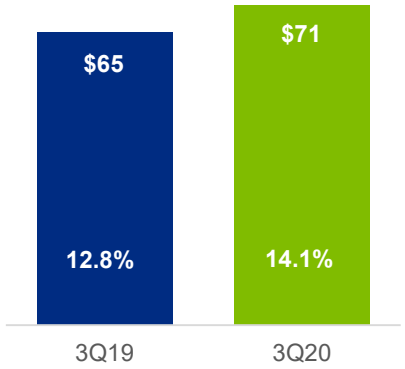
3Q 2020 Windows Segment Performance

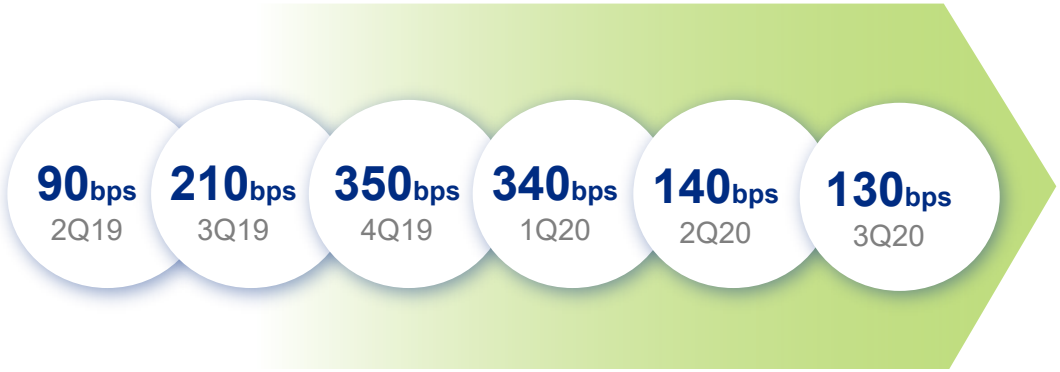
Net Sales
(in millions)



Adjusted EBITDA[1]
($ in millions)
and Margin[1] %



Sixth Consecutive Quarter of Adj. EBITDA Margin Expansion[1,2]





- Positive demand across all products and channels
- Announced price increases of 8% - 10%; backlog at historic levels
- Automation supports strong demand and customer service

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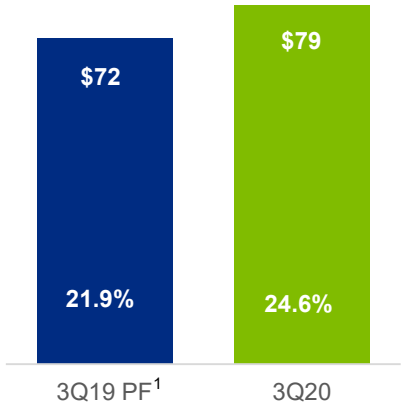
2 Margin expansion amounts represent improvements in adjusted EBITDA as a percentage of sales as compared to the same period in the prior year

3Q 2020 Siding Segment Performance

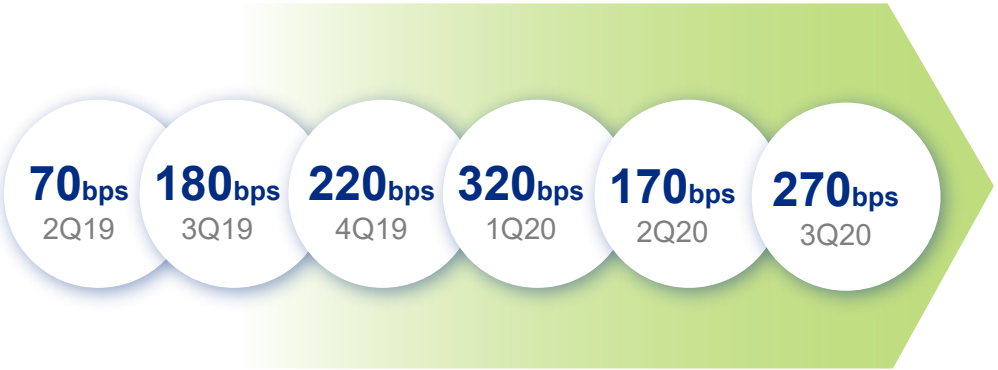
Net Sales
(in millions)



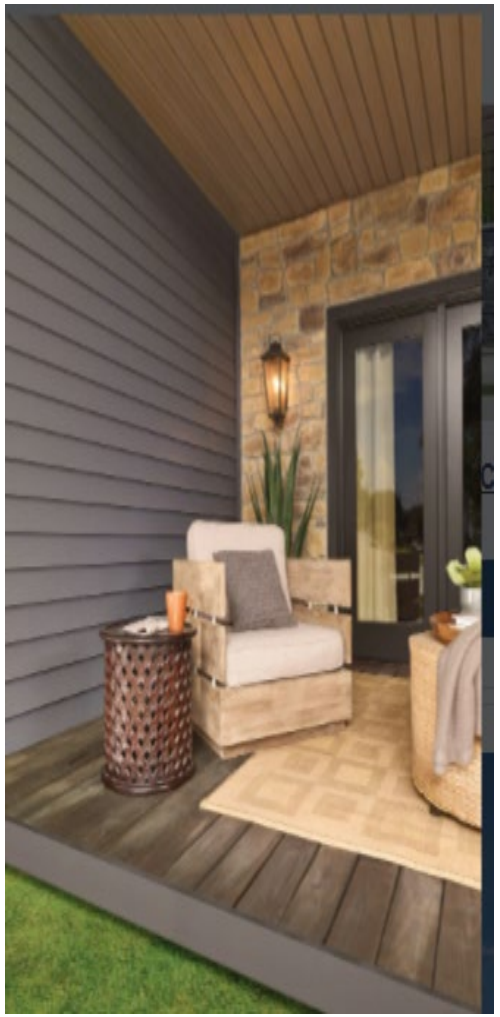
Adjusted EBITDA[1]
($ in millions)
and Margin[1] %



Sixth Consecutive Quarter of Adj. EBITDA Margin Expansion[1,2]



- Strong order rates from retail and wholesale distribution
- Shipped volume was slightly ahead of last year
- Announced price increases of 5% - 8%; backlog at historic levels



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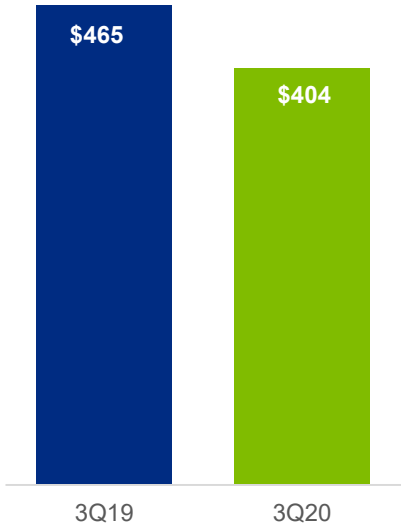
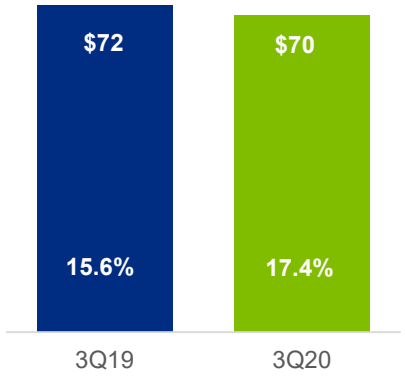
3Q 2020 Commercial Segment Performance

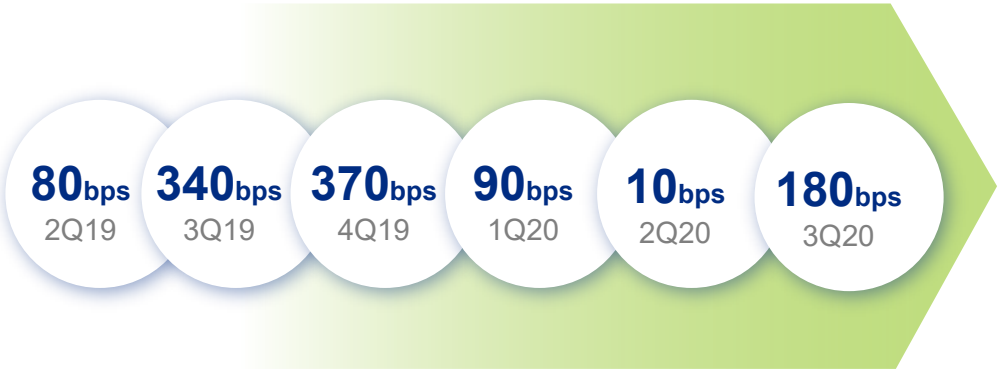
Net Sales
(in millions)



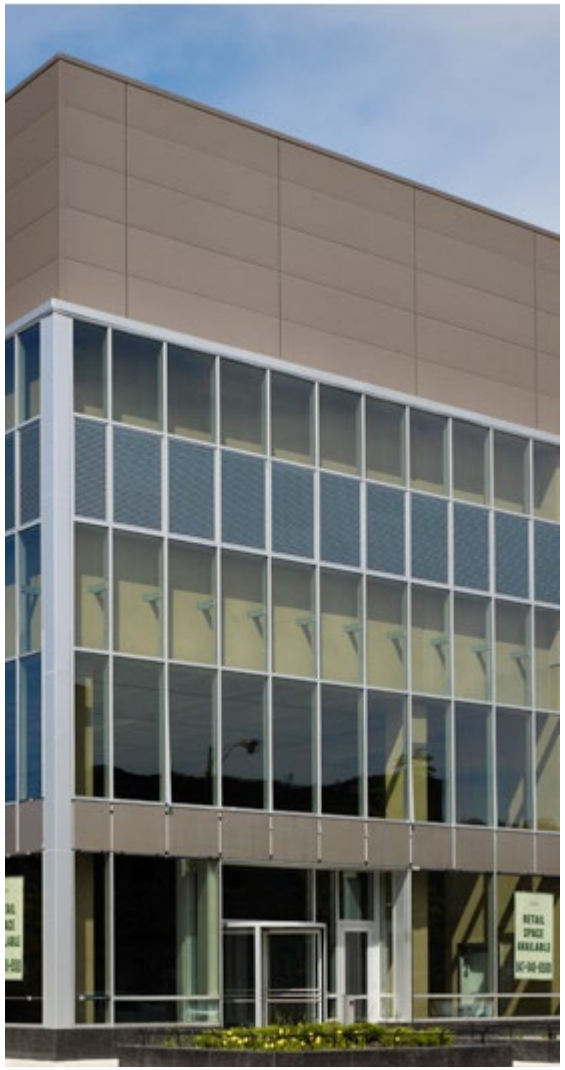
Adjusted EBITDA[1]
($ in millions)
and Margin[1] %



Sixth Consecutive Quarter of Adj. EBITDA Margin Expansion[1,2]



- Effective price management in period of declining steel costs
- Shift in market mix towards smaller, less complex projects
- Stable demand across all product lines



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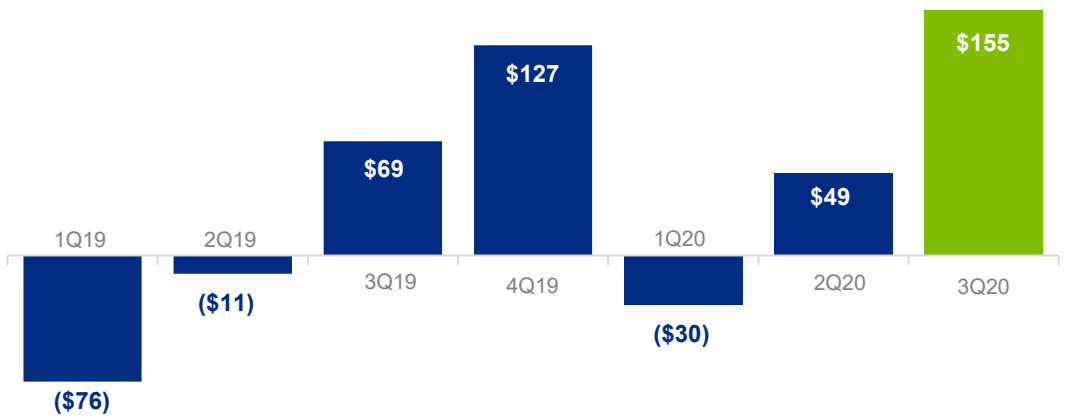
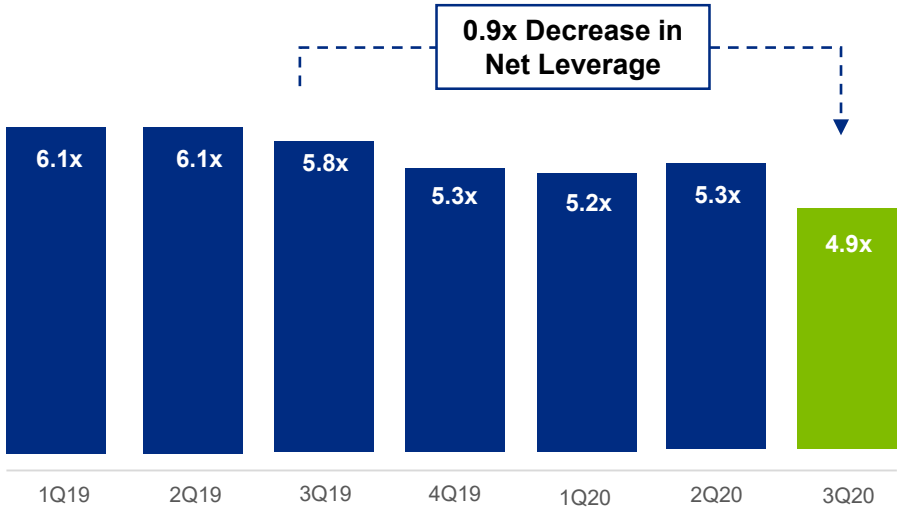
Significant Cash Flow Generation with Proven Ability to Delever

Free Cash Flow[1]
(in millions)



Net Debt Leverage[2]



- Generated significant quarterly free cash flow; an increase of approx. 125% year-over-year
- Held $628 million of unrestricted cash and cash equivalents at the end of the quarter
- Increased liquidity to approximately $1.3 billion improving financial flexibility

1 Free cash flow defined as net cash from operating activities less capital expenditures.
2 Net debt leverage defined as net debt divided by LTM Pro Forma Adjusted EBITDA. Adjusted and Pro Forma metrics are non-GAAP metrics. See “Disclaimers” on Page 2 and the Appendix for reconciliations of these measures to our GAAP results.

Current Market Pace Expected to Continue[1]

4Q 2020 Net Sales

Expect net sales to be between $1,135 million and $1,200 million

- 5% lower fiscal ship days; 59 ship days as compared to 62 ship days in 4Q 2019
- Positive residential end-market momentum
- Backlog at historic levels in Windows and Siding segments
- Stable non-residential end markets

4Q 2020 Gross Profit and Adjusted EBITDA[1]

Anticipate Gross Profit to be between $255 million and $270 million

Expect Adjusted EBITDA[2] to be between $145 million and $160 million

- Lower run rate from achieved and continued execution of savings initiatives
- Continued price discipline

Other Fiscal Year 2020 Guidance

Capital spending of ~$85 million

Maintain focused discipline on targeted primary working capital[3] improvements; expect to generate ~$25 million cash benefit

Cash interest expense of ~$200 million

No cash tax expense or benefit projected due to delayed timing of refund

Cash restructuring costs of ~ $35 million to achieve between $80 million and $100 million of year-over-year structural savings



CORNERSTONE BUILDING BRANDS

1 The information on this slide represents management's estimates of future performance and is subject to a number of risks and uncertainties. See "Forward-Looking Statements" on slide 2.
2 A reconciliation of the forecasted range for Adjusted EBITDA for the fourth quarter of 2020 is not included in this presentation. See "Non-GAAP Financial Measures" on slide 2.
3 Primary working capital defined as accounts receivable, accounts payable and inventory, net.

Key Takeaways: Focused on Strength and Resiliency

Operate with flexibility to serve our customers

- Safety and well-being of key stakeholders remains highest priority
- Committed to our value proposition and price leadership
- Automation and product line expansions solidify our market leadership
- Broad product portfolio servicing diverse end-markets through multiple channels
- National production footprint and distribution network

Financial discipline and strong long-term fundamentals make us stronger

- Creating value through consecutive margin enhancement and strong cash flow
- Increasing liquidity preserves our strong financial position and provides capital for growth, innovation, and strategic investments
- Remaining committed to market and price leadership positions
- Continuing execution of near-term expense management and structural cost reduction initiatives

Financial discipline and strong operational execution position us well for 2021



Q&A



Appendix



Reconciliation of Pro Forma Net Sales and Adj. EBITDA 1Q 2018 – 3Q 2020

NON-GAAP FINANCIAL MEASURES AND RECONCILIATIONS
RECONCILIATION OF PRO FORMA NET SALES AND ADJ. EBITDA
(In thousands)
(Unaudited)

	Three Months Ended March 31, 2018	Three Months Ended June 30, 2018	Three Months Ended September 29, 2018	Three Months Ended December, 31 2018	Three Months Ended March 30, 2019	Three Months Ended June 29, 2019	Three Months Ended September 28, 2019	Three Months Ended December 31, 2019	Three Months Ended April 4, 2020	Three Months Ended July, 4 2020	Three Months Ended October, 3 2020
Reported net sales	$ 421,349	$ 457,069	$ 548,525	$ 573,634	$ 1,064,832	$ 1,295,457	$ 1,285,044	$ 1,244,414	$ 1,113,811	$ 1,084,936	$ 1,227,253
Impact of acquisitions	671,597	850,373	866,640	748,034	23,909	11,730	13,264	10,561	8,358	-	-
Change in fiscal calendar	(11,622)	68,818	2,204	(45,024)	-	-	-	-	-	-	-
Pro forma net sales	$ 1,081,324	$ 1,376,260	$ 1,417,369	$ 1,276,644	$ 1,088,741	$ 1,307,187	$ 1,298,308	$ 1,254,975	$ 1,122,169	$ 1,084,936	$ 1,227,253
Operating income (loss), GAAP	$ 12,898	$ 18,956	$ 54,501	$ 39,565	$ (27,365)	$ 80,931	$ 95,560	$ 65,610	$ (500,791)	$ 58,925	$ 107,979
Restructuring and impairment	1,094	488	(439)	769	3,431	7,107	4,984	2,538	13,992	15,411	2,918
Strategic development and acquisition	727	1,134	3,642	11,661	14,082	12,086	10,500	13,517	4,857	784	3,909
Loss (gain) on disposition of business	-	6,686	(1,013)	-	-	-	-	-	-	-	-
Acceleration of CEO retirement benefits	4,600	-	-	-	-	-	-	-	-	-	-
Gain on insurance recovery	-	-	(4,741)	-	-	-	-	-	-	-	-
Non cash charge of purchase price allocated to inventories	-	-	-	-	16,249	-	-	-	-	-	-
Goodwill impairment	-	-	-	-	-	-	-	-	503,171	-	-
COVID-19	-	-	-	-	-	-	-	-	1,230	6,805	2,599
Customer inventory buybacks	-	-	-	-	242	175	159	-	120	193	140
Other, net	-	-	-	-	724	1,357	1,699	946	1,138	474	(153)
Adjusted operating income	$ 19,319	$ 27,264	$ 51,950	$ 51,995	$ 7,363	$ 101,656	$ 112,902	$ 82,611	$ 23,717	$ 82,592	$ 117,392
Other income and expense, net	457	270	345	(110)	345	(397)	717	518	(662)	660	(23)
Depreciation and amortization	10,358	10,442	10,174	11,351	59,947	67,529	64,009	72,279	69,769	70,711	71,933
Share-based compensation expense	2,270	1,998	1,041	2,729	4,005	3,474	3,134	3,465	3,387	5,156	4,025
Adjusted EBITDA	$ 32,404	$ 39,974	$ 63,510	$ 65,965	$ 71,660	$ 172,262	$ 180,762	$ 158,873	$ 96,211	$ 159,119	$ 193,327
Change in fiscal period [1]	(1,307)	17,822	(11,152)	(16,161)	-	-	-	-	-	-	-
Impact of acquisitions	43,223	117,904	115,455	80,248	472	2,676	3,831	2,638	1,869	-	-
Pro Forma Adjusted EBITDA	$ 74,320	$ 175,700	$ 167,813	$ 130,052	$ 72,132	$ 174,938	$ 184,593	$ 161,511	$ 98,080	$ 159,119	$ 193,327
Pro Forma Adjusted EBITDA margin	6.9%	12.8%	11.8%	10.2%	6.6%	13.4%	14.2%	12.9%	8.7%	14.7%	15.8%

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.

Reconciliation of Pro Forma Net Sales and Adj. EBITDA – Windows Segment

NON-GAAP FINANCIAL MEASURES AND RECONCILIATIONS
RECONCILIATION OF PRO FORMA NET SALES AND ADJ. EBITDA
(In thousands)
(Unaudited)
Windows

	Three Months Ended March 31, 2018	Three Months Ended June 30, 2018	Three Months Ended September 29, 2018	Three Months Ended December, 31 2018	Three Months Ended March 30, 2019	Three Months Ended June 29, 2019	Three Months Ended September 28, 2019	Three Months Ended December 31, 2019	Three Months Ended April 4, 2020	Three Months Ended July, 4 2020	Three Months Ended October, 3 2020
Reported net sales	$ -	$ -	$ -	$ -	$ 421,594	$ 508,647	$ 504,338	$ 495,868	$ 448,450	$ 428,275	$ 501,314
Impact of acquisitions	437,658	527,791	539,929	471,825	-	-	-	-	-	-	-
Pro forma net sales	$ 437,658	$ 527,791	$ 539,929	$ 471,825	$ 421,594	$ 508,647	$ 504,338	$ 495,868	$ 448,450	$ 428,275	$ 501,314
Operating income (loss), GAAP	$ -	$ -	$ -	$ -	$ (4,319)	$ 31,912	$ 34,446	$ 30,499	$ (313,190)	$ 23,101	$ 37,295
Restructuring and impairment	-	-	-	-	121	900	505	339	1,466	4,184	1,539
Strategic development and acquisition	-	-	-	-	4,009	8,052	4,993	2,893	16	-	-
Goodwill impairment	-	-	-	-	-	-	-	-	320,990	-	-
COVID-19	-	-	-	-	-	-	-	-	928	3,964	1,031
Other, net	-	-	-	-	384	(424)	577	1,774	785	(785)	252
Adjusted operating income	$ -	$ -	$ -	$ -	$ 195	$ 40,440	$ 40,521	$ 35,505	$ 10,995	$ 30,464	$ 40,117
Other income and expense, net	-	-	-	-	(327)	(411)	285	(385)	-	-	(115)
Depreciation and amortization	-	-	-	-	23,977	24,848	23,778	23,265	29,853	30,182	30,644
Adjusted EBITDA	$ -	$ -	$ -	$ -	$ 23,845	$ 64,877	$ 64,584	$ 58,385	$ 40,848	$ 60,646	$ 70,646
Imapact of acquisitions	22,294	62,830	57,755	39,160	-	-	-	-	-	-	-
Pro Forma Adjusted EBITDA	$ 22,294	$ 62,830	$ 57,755	$ 39,160	$ 23,845	$ 64,877	$ 64,584	$ 58,385	$ 40,848	$ 60,646	$ 70,646
Pro Forma Adjusted EBITDA margin	5.1%	11.9%	10.7%	8.3%	5.7%	12.8%	12.8%	11.8%	9.1%	14.2%	14.1%

Reconciliation of Pro Forma Net Sales and Adj. EBITDA – Siding Segment

NON-GAAP FINANCIAL MEASURES AND RECONCILIATIONS
RECONCILIATION OF PRO FORMA NET SALES AND ADJ. EBITDA
(In thousands)
(Unaudited)
Siding

	Three Months Ended March 31, 2018	Three Months Ended June 30, 2018	Three Months Ended September 29, 2018	Three Months Ended December, 31 2018	Three Months Ended March 30, 2019	Three Months Ended June 29, 2019	Three Months Ended September 28, 2019	Three Months Ended December 31, 2019	Three Months Ended April 4, 2020	Three Months Ended July, 4 2020	Three Months Ended October, 3 2020
Reported net sales	$ -	$ -	$ -	$ -	$ 218,277	$ 306,525	$ 315,800	$ 270,806	$ 241,043	$ 285,249	$ 321,898
Impact of acquisitions	233,939	322,582	326,711	276,209	23,909	11,730	13,264	10,561	8,358	-	-
Pro forma net sales	$ 233,939	$ 322,582	$ 326,711	$ 276,209	$ 242,186	$ 318,255	$ 329,064	$ 281,367	$ 249,401	$ 285,249	$ 321,898
Operating income (loss), GAAP	$ -	$ -	$ -	$ -	$ (11,654)	$ 25,937	$ 37,063	$ 14,927	$ (168,867)	$ 30,638	$ 45,313
Restructuring and impairment	-	-	-	-	87	5,544	2,531	599	1,091	2,524	(714)
Strategic development and acquisition	-	-	-	-	-	-	-	-	21	955	7,139
Non cash charge of purchase price allocated to inventories	-	-	-	-	16,249	-	-	-	-	-	-
Goodwill impairment	-	-	-	-	-	-	-	-	176,774	-	-
COVID-19	-	-	-	-	-	-	-	-	-	43	24
Customer inventory buybacks	-	-	-	-	242	175	159	-	120	193	140
Other, net	-	-	-	-	233	1,202	(1,172)	(338)	(412)	412	(1,351)
Adjusted operating income	$ -	$ -	$ -	$ -	$ 5,157	$ 32,858	$ 38,581	$ 15,188	$ 8,727	$ 34,765	$ 50,551
Other income and expense, net	-	-	-	-	(266)	(750)	700	264	-	(6)	(4)
Depreciation and amortization	-	-	-	-	24,350	30,415	28,804	36,315	28,007	28,514	28,547
Adjusted EBITDA	$ -	$ -	$ -	$ -	$ 29,241	$ 62,523	$ 68,085	$ 51,767	$ 36,734	$ 63,273	$ 79,094
Imapact of acquisitions	28,204	63,757	65,590	47,242	481	2,676	3,831	2,638	1,869	-	-
Pro Forma Adjusted EBITDA	$ 28,204	$ 63,757	$ 65,590	$ 47,242	$ 29,722	$ 65,199	$ 71,916	$ 54,405	$ 38,603	$ 63,273	$ 79,094
Pro Forma Adjusted EBITDA margin	12.1%	19.8%	20.1%	17.1%	12.3%	20.5%	21.9%	19.3%	15.5%	22.2%	24.6%

Reconciliation of Pro Forma Net Sales and Adj. EBITDA – Commercial Segment

NON-GAAP FINANCIAL MEASURES AND RECONCILIATIONS
RECONCILIATION OF PRO FORMA NET SALES AND ADJ. EBITDA
(In thousands)
(Unaudited)
Commercial

	Three Months Ended March 31, 2018	Three Months Ended June 30, 2018	Three Months Ended September 29, 2018	Three Months Ended December, 31 2018	Three Months Ended March 30, 2019	Three Months Ended June 29, 2019	Three Months Ended September 28, 2019	Three Months Ended December 31, 2019	Three Months Ended April 4, 2020	Three Months Ended July, 4 2020	Three Months Ended October, 3 2020
Reported net sales	$ 421,349	$ 457,069	$ 548,525	$ 573,634	$ 424,961	$ 480,285	$ 464,906	$ 477,740	$ 424,318	$ 371,412	$ 404,041
Change in fiscal calendar	(11,622)	68,818	2,204	(45,024)	-	-	-	-	-	-	-
Pro forma net sales	$ 409,727	$ 525,887	$ 550,729	$ 528,610	$ 424,961	$ 480,285	$ 464,906	$ 477,740	$ 424,318	$ 371,412	$ 404,041
Operating income (loss), GAAP	$ 12,898	$ 18,956	$ 54,501	$ 39,565	$ 24,310	$ 58,809	$ 59,317	$ 58,636	$ 16,841	$ 36,664	$ 56,137
Restructuring and impairment	1,094	488	(439)	769	1,033	132	802	822	11,705	7,364	1,358
Strategic development and acquisition	727	1,134	3,642	11,661	5,522	733	238	4,040	(105)	(149)	(8)
Loss (gain) on disposition of business	-	6,686	(1,013)	-	-	-	-	-	-	-	-
Acceleration of CEO retirement benefits	4,600	-	-	-	-	-	-	-	-	-	-
Gain on insurance recovery	-	-	(4,741)	-	-	-	-	-	-	-	-
Goodwill impairment	-	-	-	-	-	-	-	-	5,407	-	-
COVID-19	-	-	-	-	-	-	-	-	302	1,220	1,063
Other, net	-	-	-	-	-	1,082	1,210	345	811	289	(155)
Adjusted operating income	$ 19,319	$ 27,264	$ 51,950	$ 51,995	$ 30,865	$ 60,756	$ 61,567	$ 63,843	$ 34,961	$ 45,388	$ 58,395
Other income and expense, net	457	270	345	(110)	495	213	146	(102)	114	123	200
Depreciation and amortization	10,358	10,442	10,174	11,351	10,775	11,399	10,785	11,590	10,901	11,020	11,743
Share-based compensation expense	2,270	1,998	1,041	2,729	-	-	-	-	-	-	-
Adjusted EBITDA	$ 32,404	$ 39,974	$ 63,510	$ 65,965	$ 42,135	$ 72,368	$ 72,498	$ 75,331	$ 45,976	$ 56,531	$ 70,338
Change in fiscal period [1]	(1,307)	17,822	(11,152)	(16,161)	-	-	-	-	-	-	-
Imapact of unallocated operating earnings (losses)	12,523	17,085	15,063	14,157	-	-	-	-	-	-	-
Pro Forma Adjusted EBITDA	$ 43,620	$ 74,881	$ 67,421	$ 63,961	$ 42,135	$ 72,368	$ 72,498	$ 75,331	$ 45,976	$ 56,531	$ 70,338
Pro Forma Adjusted EBITDA margin	10.6%	14.2%	12.2%	12.1%	9.9%	15.1%	15.6%	15.8%	10.8%	15.2%	17.4%

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

Reconciliation of Pro Forma Segment Net Sales 1Q 2018 – 3Q 2020

NON-GAAP FINANCIAL MEASURES AND RECONCILIATIONS
RECONCILIATION OF PRO FORMA SEGMENT NET SALES
(In thousands)
(Unaudited)

	Three Months Ended March 31, 2018	Three Months Ended June 30, 2018	Three Months Ended September 29, 2018	Three Months Ended December, 31 2018	Three Months Ended March 30, 2019	Three Months Ended June 29, 2019	Three Months Ended September 28, 2019	Three Months Ended December 31, 2019	Three Months Ended April 4, 2020	Three Months Ended July, 4 2020	Three Months Ended October, 3 2020
Windows											
Reported	$ -	$ -	$ -	$ -	$ 421,594	$ 508,647	$ 504,338	$ 495,868	$ 448,450	$ 428,275	$ 501,314
Impact of acquisitions	437,658	527,791	539,929	471,825	-	-	-	-	-	-	-
Pro forma	$ 437,658	$ 527,791	$ 539,929	$ 471,825	$ 421,594	$ 508,647	$ 504,338	$ 495,868	$ 448,450	$ 428,275	$ 501,314
Siding											
Reported	$ -	$ -	$ -	$ -	$ 218,277	$ 306,525	$ 315,800	$ 270,806	$ 241,043	$ 285,249	$ 321,898
Impact of acquisitions	233,939	322,582	326,711	276,209	23,909	11,730	13,264	10,561	8,358	-	-
Pro forma	$ 233,939	$ 322,582	$ 326,711	$ 276,209	$ 242,186	$ 318,255	$ 329,064	$ 281,367	$ 249,401	$ 285,249	$ 321,898
Commercial											
Reported	$ 421,349	$ 457,069	$ 548,525	$ 573,634	$ 424,961	$ 480,285	$ 464,906	$ 477,740	$ 424,318	$ 371,412	$ 404,041
Change in fiscal calendar	(11,622)	68,818	2,204	(45,024)		-			-	-	-
Pro forma	$ 409,727	$ 525,887	$ 550,729	$ 528,610	$ 424,961	$ 480,285	$ 464,906	$ 477,740	$ 424,318	$ 371,412	$ 404,041
Consolidated											
Reported	$ 421,349	$ 457,069	$ 548,525	$ 573,634	$ 1,064,832	$ 1,295,457	$ 1,285,044	$ 1,244,414	$ 1,113,811	$ 1,084,936	$ 1,227,253
Impact of acquisitions	671,597	850,373	866,640	748,034	23,909	11,730	13,264	10,561	8,358	-	-
Change in fiscal calendar	(11,622)	68,818	2,204	(45,024)	-	-	-	-	-	-	-
Pro forma	$ 1,081,324	$ 1,376,260	$ 1,417,369	$ 1,276,644	$ 1,088,741	$ 1,307,187	$ 1,298,308	$ 1,254,975	$ 1,122,169	$ 1,084,936	$ 1,227,253

Net Debt Outstanding 1Q 2019 – 3Q 2020

NON-GAAP FINANCIAL MEASURES AND RECONCILIATIONS

NET DEBT LEVERAGE RATIO
(In thousands)
(Unaudited)

	Three Months Ended						
	March 30, 2019	June 29, 2019	September 28, 2019	December 31, 2019	April 4, 2020	July 4, 2020	October 3, 2020
Asset-based credit facility	$ 220	$ 220	$ 170	$ 70	$ 415	$ 385	$ -
Cash flow revolver	-	-	-	-	115	115	-
Term loan	2,543	2,536	2,537	2,524	2,517	2,511	2,504
Senior notes	645	645	645	645	645	645	1,145
Total Debt	3,408	3,401	3,352	3,239	3,692	3,656	3,649
Less: Cash and cash equivalents (unrestricted)	100	87	105	98	476	483	628
Net Debt	3,308	$ 3,314	$ 3,246	$ 3,140	$ 3,216	$ 3,172	$ 3,022
Pro forma TTM Adj. EBITDA [1]	546	545	562	593	619	603	612
Pro forma Adj. EBITDA Leverage [1]	6.1x	6.1x	5.8x	5.3x	5.2x	5.3x	4.9x

1 Reflects the Adjusted EBITDA of Kleary Masonry, Inc. for the period of March 31, 2019 to the acquisition date of March 1, 2020.

Cornerstone Adjusted Net Income (Loss) Per Diluted Common Share

NON-GAAP FINANCIAL MEASURES AND RECONCILIATIONS
ADJUSTED NET INCOME (LOSS) PER DILUTED COMMON SHARE AND
NET INCOME (LOSS) COMPARISON
(In thousands, except per share data)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	October 3, 2020	September 28, 2019	October 3, 2020	September 28, 2019
Net income (loss) per diluted common share, GAAP basis	$ 0.24	$ 0.20	$ (3.86)	$ (0.14)
Restructuring and impairment charges, net	0.02	0.04	0.26	0.12
Strategic development and acquisition related costs	0.06	0.08	0.11	0.29
Non-cash loss (gain) on foreign currency transactions	(0.01)	—	0.01	(0.01)
Non-cash charge of purchase price allocated to inventories	—	—	—	0.13
Goodwill impairment	—	—	4.00	—
Customer inventory buybacks	—	—	—	—
COVID-19[3]	0.02	—	0.08	—
Other, net	—	0.01	0.01	0.03
Tax effect of applicable non-GAAP adjustments[1]	(0.03)	(0.04)	(1.16)	(0.15)
Adjusted net income (loss) per diluted common share[2]	$ 0.31	$ 0.30	$ (0.54)	$ 0.28

	Three Months Ended		Nine Months Ended	
	October 3, 2020	September 28, 2019	October 3, 2020	September 28, 2019
Net income (loss) applicable to common shares, GAAP basis	$ 30,028	$ 24,790	$ (484,658)	$ (17,320)
Restructuring and impairment charges, net	2,918	4,984	32,321	15,522
Strategic development and acquisition related costs	7,909	10,500	13,550	36,668
Non-cash loss (gain) on foreign currency transactions	(812)	616	1,300	(1,084)
Non-cash charge of purchase price allocated to inventories	—	—	—	16,249
Goodwill impairment	—	—	503,171	—
Customer inventory buybacks	140	159	453	576
COVID-19[3]	2,599	—	10,634	—
Other, net	(153)	1,699	1,459	3,780
Tax effect of applicable non-GAAP adjustments[1]	(3,276)	(4,795)	(146,351)	(19,147)
Adjusted net income (loss) applicable to common shares[2]	$ 39,353	$ 37,953	$ (68,121)	$ 35,244

1 Reflects the Adjusted EBITDA of Kleary Masonry, Inc. for the period of March 31, 2019 to the acquisition date of March 1, 2020.
2 The Company discloses a tabular comparison of Adjusted net income (loss) per diluted common share and Adjusted net income (loss) applicable to common shares, which are non-GAAP measures, because they are referred to in the text of our press releases and are instrumental in comparing the results from period to period. Adjusted net income (loss) per diluted common share and Adjusted net income (loss) applicable to common shares should not be considered in isolation or as a substitute for net income (loss) per diluted common share and net income (loss) applicable to common shares as reported on the face of our consolidated statements of operations.
3 Costs included within the COVID-19 line item for the three and nine months ended October 3, 2020 include incremental labor costs due to quarantine related absenteeism, incremental facility cleaning costs, pandemic related supplies and personal protective equipment for employees, among other costs.

Free Cash Flow 1Q 2019 – 3Q 2020

QUARTERLY FREE CASH FLOW GENERATION

(In thousands)

	Three Months Ended March 31, 2019	Three Months Ended September 28, 2019	Three Months Ended December 31, 2019	Three Months Ended April 4, 2020	Three Months Ended July, 4 2020	Three Months Ended October, 3 2020
Cash flow from operations	$ 18,808	$ 97,733	$ 161,789	$ (2,224)	$ 69,186	$ 169,914
Less: Capital expenditures, net	30,030	29,144	34,721	27,567	20,042	14,926
Free cash flow	$ (11,222)	$ 68,589	$ 127,068	$ (29,791)	$ 49,144	$ 154,988

1 Free cash flow defined as net cash from operating activities less capital expenditures