

Summit Materials, Inc.  
Form 8-K  
July 13, 2016

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**

**FORM 8-K**

**CURRENT REPORT**  
**PURSUANT TO SECTION 13 OR 15(d)**  
**OF THE SECURITIES EXCHANGE ACT OF 1934**  
**Date of Report (Date of earliest event reported): July 13, 2016**

**Summit Materials, Inc.**  
**(Exact name of registrant as specified in its charter)**

**Delaware**  
**(State or Other Jurisdiction**  
**of Incorporation)**

**001-36873**  
**(Commission**  
**File Number)**  
**1550 Wynkoop Street, 3rd Floor**

**47-1984212**  
**(I.R.S. Employer**  
**Identification No.)**

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**Denver, Colorado 80202**

**(Address of Principal Executive Offices) (Zip Code)**

**Registrant's telephone number, including area code: (303) 893-0012**

**Not Applicable**

**(Former Name or Address, if Changed Since Last Report)**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- .. Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- .. Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- .. Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- .. Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 2.02. Results of Operations and Financial Condition.*****Preliminary Unaudited Consolidated Financial and Other Data for the Three and Six Months Ended July 2, 2016***

On July 13, 2016, Summit Materials, Inc. (the Company) announced preliminary unaudited consolidated financial and other information for the three and six months ended July 2, 2016. The information presented below is based upon information available to the Company as of the date of this Current Report on Form 8-K, is not a comprehensive statement of the Company's financial results for such periods and has not been audited or reviewed by the Company's independent registered public accounting firm. The Company's actual results as of and for the three and six months ended July 2, 2016 may differ materially from this preliminary data. During the course of the preparation of the Company's financial statements and related notes to be included in its Quarterly Report on Form 10-Q for the fiscal quarter ended July 2, 2016, additional adjustments to the preliminary financial information presented below may be identified. Any such adjustments may be material.

Based upon such preliminary financial results, the Company expects various key metrics as of and for the three and six months ended July 2, 2016 to be between the ranges in the following table (unaudited):

	Three Months Ended		Six Months Ended			
	July 2, 2016	June 27, 2015	July 2, 2016	June 27, 2015	July 2, 2016	June 27, 2015
<b>(in millions, except per share information)</b>						
Revenue	\$ 435.0	\$ 452.0	\$ 364.9	\$ 663.4	\$ 680.4	\$ 558.9
Net revenue	\$ 410.0	\$ 420.0	\$ 329.0	\$ 618.0	\$ 628.0	\$ 504.1
Cost of revenue	\$ 281.0	\$ 292.0	\$ 249.2	\$ 437.5	\$ 448.5	\$ 407.4
General and administrative expenses (1)	\$ 74.0	\$ 76.0	\$ 39.7	\$ 119.4	\$ 121.4	\$ 106.9
Operating income (loss)	\$ 42.3	\$ 46.1	\$ 42.3	\$ 12.8	\$ 16.6	\$ (16.7)
Gross profit (excludes depreciation, depletion, amortization and accretion)(2)	\$ 154.0	\$ 160.0	\$ 115.8	\$ 205.5	\$ 211.5	\$ 151.5
Net income (loss)	\$ 18.4	\$ 19.7	\$ 0.0	\$ (24.1)	\$ (22.8)	\$ (79.8)
Adjusted EBITDA (2)	\$ 110.5	\$ 112.0	\$ 78.1	\$ 118.9	\$ 120.4	\$ 76.8
Net income (loss) per share of Class A common stock:						
Basic	\$ 0.19	\$ 0.20	\$ (0.01)	\$ (0.17)	\$ (0.16)	\$ (0.39)
Diluted	\$ 0.19	\$ 0.20	\$ (0.01)	\$ (0.54)	\$ (0.51)	\$ (0.40)
Adjusted (2)	\$ 0.43	\$ 0.44	\$ 0.27	\$ 0.01	\$ 0.02	\$ (0.25)

- (1) Share-based compensation expense, which is recognized in general and administrative expenses, totaled \$27.8 million and \$29.8 million for the three and six months ended July 2, 2016, respectively, as compared to \$1.8 million and \$17.0 million for the three and six months ended June 27, 2015, respectively. Share-based compensation for the three and six months ended July 2, 2016 was affected by \$24.8 million of share-based compensation expense for performance-vesting interests for which compensation expense had not previously been recognized as the achievement of certain investment returns was not yet probable. The Company anticipates that share-based compensation associated with LP Units that vest upon affiliates of The Blackstone Group L.P. (Blackstone) receiving a 1.75 times return on their initial invested capital will vest in full upon completion of the secondary offering of Class A common stock the Company announced on July 13, 2016. Stock options that vest upon affiliates of the Blackstone receiving a 1.75 times return on their initial invested capital also have a time-vesting component whereby the options vest over four years at a rate of 25% of the award each year of the first four anniversaries from March 11, 2015, subject to the employee's continued employment through the

applicable vesting date.

- (2) The Company evaluates its operating performance using metrics it refers to as EBITDA, Adjusted EBITDA, gross profit and Adjusted Income (Loss) per Share (EPS) which are not defined by accounting principles generally accepted in the United States of America (U.S. GAAP). The Company defines EBITDA as net loss before interest expense, income tax benefit and depreciation, depletion and amortization expense. The Company defines Adjusted EBITDA as EBITDA before accretion, loss on debt financings, IPO costs, loss from discontinued operations and certain non-cash and non-operating items. The Company defines gross profit as operating income before depreciation, depletion, amortization and accretion, general and administrative expenses and transaction costs. The Company defines Adjusted EPS as consolidated net income adjusted for significant non-cash or non-recurring items divided by the total number of LP Units outstanding.

The Company includes Adjusted EBITDA, gross profit and Adjusted EPS in conjunction with its results according to U.S. GAAP because management believes they provide a more complete understanding of factors and trends affecting the Company's business than U.S. GAAP measures alone. Management believes these non-GAAP measures assist the Company's board of directors, management, lenders and investors in comparing the Company's operating performance on a consistent basis because they remove, where applicable, the effect of the Company's capital structure, asset base, acquisition accounting, non-cash charges and non-operating items from the Company's operations. In addition, management uses Adjusted EBITDA and gross profit to evaluate the Company's operational performance as a basis for strategic planning and as a performance evaluation metric.

Despite the importance of these measures in analyzing the Company's business, evaluating its operating performance and determining covenant compliance, as well as the use of Adjusted EBITDA and gross profit measures by securities analysts, lenders and others in their evaluation of companies, Adjusted EBITDA and gross profit have limitations as analytical tools, and you should not consider them in isolation, or as a substitute for analysis of the Company's results as reported under U.S. GAAP; nor are EBITDA, Adjusted EBITDA or gross profit intended to be measures of liquidity or free cash flow for the Company's discretionary use. Some of the limitations of EBITDA, Adjusted EBITDA and gross profit are:

they do not reflect the Company's cash expenditures or future requirements for capital expenditures or contractual commitments;

they do not reflect changes in, or cash requirements for, the Company's working capital needs;

they do not reflect the interest expense, or the cash requirements to service interest or principal payments on the Company's debt; and

they do not reflect income tax payments the Company is required to make.

To properly and prudently evaluate the Company's business, readers are encouraged to review the financial statements the Company files with the Securities and Exchange Commission (the SEC), and not rely on any single financial measure to evaluate the Company's business. The Company also strongly urges you to review the reconciliation of net income (loss) to EBITDA and Adjusted EBITDA, operating income (loss) to gross profit and net income (loss) per share to Adjusted EPS set forth below. The metrics presented here, may differ from and may not be comparable to similarly titled measures used by other companies, because these measures are not measures of financial performance under U.S. GAAP and are susceptible to varying calculations.

The following table sets forth a reconciliation of net income (loss) to EBITDA and Adjusted EBITDA for the periods indicated (unaudited):

Reconciliation of Net Loss to Adjusted EBITDA (in thousands)	Three months ended			Six months ended		
	July 2, 2016	July 2, 2016	June 27, 2015	July 2, 2016	July 2, 2016	June 27, 2015
	Low	High	Actual	Low	High	Actual
Net income (loss)	\$ 18,390	\$ 19,690	\$ 33	\$ (24,127)	\$ (22,827)	\$ (79,804)
Interest expense	25,300	25,300	17,395	46,877	46,877	41,504
Income tax benefit	(834)	(834)	(5,345)	(9,000)	(9,000)	(9,813)
Depreciation, depletion and amortization	36,600	36,600	27,027	68,530	68,530	52,749
<b>EBITDA</b>	<b>\$ 79,456</b>	<b>\$ 80,756</b>	<b>\$ 39,110</b>	<b>\$ 82,280</b>	<b>\$ 83,580</b>	<b>\$ 4,636</b>
Accretion	400	400	359	830	830	763
IPO costs						28,296
Loss on debt financings			30,873			31,672
Income from discontinued operations			(758)			(758)
Transaction costs	684	884	6,376	4,000	4,200	7,740
Management fees and expenses			53			1,046
Non-cash compensation	27,781	27,781	1,803	29,817	29,817	2,569
Other	2,179	2,179	331	2,000	2,000	829
<b>Adjusted EBITDA</b>	<b>\$ 110,500</b>	<b>\$ 112,000</b>	<b>\$ 78,147</b>	<b>\$ 118,927</b>	<b>\$ 120,427</b>	<b>\$ 76,793</b>

The following table sets forth a reconciliation of operating income to gross profit for the periods indicated (unaudited):

Income (Loss) to Gross Profit (exclusive of items shown separately)	Three months ended			Six July 201
	July 2, 2016	June 27, 2015	Actual	
	Low	High	Actual	Low
	\$ 42,316	\$ 46,116	\$ 42,300	\$ 12,761
Expenses	74,000	76,000	39,711	119,370
Amortization and accretion	37,000	37,000	27,386	69,360
	684	884	6,376	4,000
(Items shown separately)	\$ 154,000	\$ 160,000	\$ 115,773	\$ 205,491
(Items shown separately) (a)	37.6%	38.1%	35.2%	33.2%

(a) The Company defines gross margin as gross profit as a percentage of net revenue.

The following table sets forth a reconciliation of net income (loss) per share to Adjusted EPS for the periods indicated (unaudited):

Contribution to Adjusted EPS	Three months ended				June 27, 2015		Six July 2, 2016	
	July 2, 2016		Per Share		Net Income	Per Share	Net Income	
	Low	High	Low	High	Low	High	Low	High
Summit Materials, Inc.	\$ 11,425	\$ 12,270	\$ 0.11	\$ 0.12	\$ (205)	\$ (9,666)	\$ (8,848)	\$
Interest	6,938	7,420	0.07	0.07	225	(14,461)	(13,979)	
	24,751	24,751	0.25	0.25		24,751	24,751	
					25,589	0.27		
	\$ 43,141	\$ 44,441	\$ 0.43	\$ 0.44	\$ 25,609	\$ 0.27	\$ 624	\$ 1,924
		61,607,457			27,319,846			55,677,214
		38,403,977			69,007,297			44,332,724
		100,011,434			96,327,143			100,009,938

The information being furnished pursuant to this Current Report on Form 8-K shall not be deemed to be filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the Exchange Act), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as

amended, or the Exchange Act, except as expressly set forth by specific reference in such filing. This Current Report on Form 8-K does not constitute an offer to sell or the solicitation of an offer to buy any securities.

**CAUTIONARY LANGUAGE CONCERNING FORWARD-LOOKING STATEMENTS**

Information set forth in this Current Report on Form 8-K contains forward-looking statements within the meaning of the federal securities laws and the Private Securities Litigation Reform Act of 1995, which reflect the Company's current views with respect to, among other things, its preliminary financial results. These forward-looking statements are subject to a number of risks and uncertainties, including those described under the heading "Risk Factors" in the Company's Annual Report on Form 10-K for the fiscal year ended January 2, 2016, as such factors may be amended or updated from time to time by the Company's subsequent filings with the SEC. The Company undertakes no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise, except as required by law.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: July 13, 2016

SUMMIT MATERIALS, INC.

By: /s/ Anne Lee Benedict

Name: Anne Lee Benedict

Title: Executive Vice President, Chief Legal Officer and  
Secretary