

## QXO, INC. (QXO)

### QXO Final: Views Unchanged

#### The Wolfe Byte

Following QXO's pre-announcement on 1/15 the official 4Q results do little to alter our long-term outlook. We reiterate our Outperform rating with near-term focus remaining on M&A.

Following QXO's preannouncement on 1/15, the company officially reported 4Q revenue of \$2.19B and 4Q EBITDA of \$150M yesterday evening. As we have written the past couple quarters, these early quarterly results have little impact on our long-term QXO investment thesis and consistent with last quarter, there was little commentary in the press release and QXO did not hold a conference call. **While Roofing market conditions remain challenging, our sense is industry pricing pressure has been less intense than many have feared with announced price increases from the OEMs (and QXO) potentially solidifying market pricing moving forward, although we remain skeptical the industry will see its typical realization on the increase given soft demand.** Our sense is QXO's pricing was relatively flat YoY in 4Q, with weaker industry volumes driving the YoY declines. **Our views are unchanged post the official 4Q results and we reiterate our Outperform rating.**

The company continues implementing its transformation initiatives including a new ERP system by year-end and is laying the foundation for significant organic growth while investor focus remains on inorganic growth near-term. **As we wrote when QXO announced the acquisition of Kodiak on 2/11 the size of the Kodiak deal suggests QXO remains busy with M&A moving forward with its deal pipeline still active.** The announcement locked in the equity financing led by Apollo and Temasek announced earlier this year, with QXO retaining ~\$6B in enterprise value purchasing power post-Kodiak, assuming no addition equity raises. Thus, we don't believe QXO will be one-and-done in 2026 with the company potentially stepping into a third vertical. The QXO narrative will eventually transform into an operational execution story as the company integrates its acquisitions and looks to drive fundamental improvement, potentially as demand conditions also provide tailwinds. But for now, M&A is still...

	DILUTED EPS (\$)					DECEMBER FYE
	Q1	Q2	Q3	Q4	FY	
2026E	(0.06) E	0.11 E	0.16 E	0.07 E	0.29 E	
Prior	(0.11) E	0.08 E	0.11 E	0.03 E	0.13 E	
2027E	(0.01) E	0.18 E	0.21 E	0.11 E	0.49 E	
Prior	(0.02) E	-	-	0.10 E	0.47 E	

Source: Company Documents, Wolfe Research, FactSet  
Numbers may not add up due to rounding

February 26, 2026

#### Rating:

Outperform

#### Price:

\$23.88

#### Price Target:

\$42

#### % Upside:

75.9%

[View QXO Model](#)

[View Comp Table](#)

#### Company Information

52-Week Range	\$12 - \$27
Market Cap. (MM)	\$16,864
Enterprise Value (MM)	\$17,248
Shares Out. (MM)	706.2
Avg. Value Traded (MM)	\$99.36
Adj. Debt to Cap	0.0%
SI% of Float	9.7%
Price to Earnings	82x
EV/EBITDA	25.6x

#### Price Performance

	YTD	LTM
QXO	24%	99%
SP50	1%	16%



Source: FactSet

Priced as of 02/26/26



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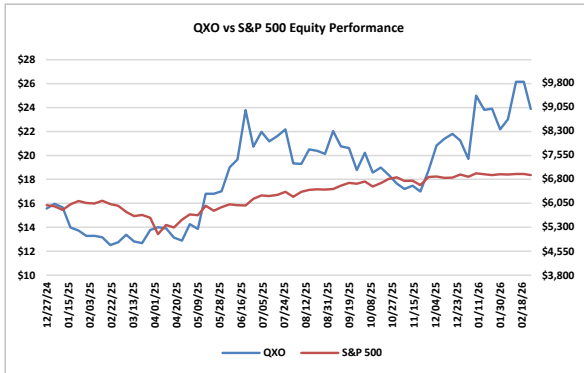
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## Investment Conclusion

### QXO Inc. (QXO): Outperform Rating



Source: Wolfe Research, FactSet

#### Company Description

QXO was created in 2024 to build a tech-forward leader in the Building Products Distribution sector. Founded by Brad Jacobs, QXO is targeting ~\$50B in annual revenues over time via both organic growth and M&A. In April 2025, QXO took its first major step into Building Products Distribution, acquiring Beacon Roofing Supply for ~\$11B. QXO is the largest publicly traded distributor of roofing and complementary products in North America with residential end-markets accounting for ~70% of demand. We expect QXO continues expanding its reach via both bolt-on M&A and larger, transformational deals.

#### Positives

1. Ideal industry for Brad Jacobs' innovation and scale playbook given lagging past innovation, importance of scale
2. Outsized organic and non-organic EBITDA growth driven by market share gains and efficiency improvement
3. Non-discretionary nature of Roofing demand combined with US-based supply chain creates fundamental stability
4. Future M&A likely continues driving value as QXO scales via both bolt-on and transformational M&A.

#### Price Target Commentary

Our \$42 price target implies a significant premium to the current share price. Our price target is predicated on over \$4.9B in 2030 EBITDA and applies a 17X EV/EBITDA multiple before discounting back using the company's cost of capital. We believe the company's significant growth profile, both organic and inorganic supports our selection of a 17X multiple.

#### Investment Thesis

**Robust Organic EBITDA Growth.** We expect QXO doubles its organic EBITDA over the next several years, with EBITDA growth significantly outpacing our coverage. We expect QXO to take a tech-forward approach to optimize pricing and procurement, automate branches, standardize shipping and handling processes, improve customer service and increase digital penetration, which should drive market share gains and rapid margin improvement.

**M&A Accelerates Scale Advantages.** Scale is key in distribution and we expect QXO grows rapidly, both through organic growth and M&A. QXO expects to eventually approach \$50B in revenue versus ~\$7B in 2025. As QXO scales, the company should gain increased purchasing power while driving synergies and leveraging the increased tech spend to drive organic growth.

**Non-Discretionary Demand, US-Based Supply Chain.** Roofing demand is largely non-discretionary in nature as leaking roofs cannot be deferred. As economic uncertainty accelerates, we find the stability of roofing demand increasingly attractive while the pool of roofs eligible for replacement remains healthy and a key driver of demand over the next several years. With a US-based supply chain, tariff risk is modest relative to the remainder of our Building Products coverage.

**Best-in-class management.** QXO is led by Chairman and CEO Brad Jacobs. Jacobs has started five highly successful companies that have eventually turned into billion or multi-billion dollar companies. We view Jacobs and his team as best-in-class and expect operational and strategic execution to be solid in a variety of economic environments.

#### Negatives

1. M&A execution creates risk. QXO's valuation is partially driven by an expectation of future value creation via M&A.
2. Weak Roofing Demand. A storms air pocket is driving weak Roofing industry volumes. Should storms fail to materialize in 2026, the company could face volume and pricing headwinds.

## Page 1 Text Continued

...the key investor focus. Our 2026 EBITDA estimates do move lower as we expect continued heavy SG&A investment, both in people (including a new Chief Sales Officer this week) and technology, while our Gross Margin estimates tick higher. **Our estimates include Kodiak, yet we have not fully built in the potential M&A contribution from the company's recent financing actions, suggesting upside to our 2026/2027 estimates should the company fully utilize its ~\$6B in purchasing power.**

## Estimate Revisions

Our 2026 Revenue estimate increases to \$11.81B from our prior \$11.60B estimate, yet our 2026 EBITDA estimate declines to \$1.11B from our prior \$1.25B estimate as we expect investment spend remains elevated in 2026. Our OpEx ratio estimate increases to 18.5% (16.6% prior), more than offsetting a slightly better Gross Margin outlook. Our 2027 EBITDA estimate of \$1.919B is predicated on +39.8% Revenue growth (inclusive of M&A) and an 11.6% EBITDA Margin. We have built Kodiak into our estimates, but incremental M&A contributions are driven only by FCF generation and potential leverage, excluding the YTD financing actions. Thus, there would likely be upside to our 2026 and 2027 EBITDA estimates should the company fully deploy its ~\$6B in purchasing power.

## Exhibit 1 - QXO Quarterly Income Statement

QXO, Inc.														
QUARTERLY INCOME STATEMENT 2025E-2026E														
(Dollars in Millions, except Per Share Data)														
Year Ends December	1Q25	1Q26E	2Q25	2Q26E	3Q25	3Q26E	%	4Q25	4Q26E	%	2025	2026E	%	Change
<b>Net Sales</b>	\$14	\$1,820	\$1,906	\$3,428	\$2,728	\$3,614	32.5%	\$2,194	\$2,950	34.4%	\$6,842	\$11,812	72.6%	
Cost of Goods Sold	\$8	\$1,383	\$1,424	\$2,527	\$2,041	\$2,632	28.9%	\$1,664	\$2,169	30.4%	\$5,138	\$8,711	69.6%	
Gross Profit	\$5	\$437	\$482	\$901	\$687	\$983	43.0%	\$530	\$780	47.2%	\$1,704	\$3,101	81.9%	
Operating Expense	\$14	\$453	\$306	\$599	\$426	\$585	37.2%	\$423	\$547	29.2%	\$1,170	\$2,185	86.7%	
<b>Operating Profit</b>	(\$9)	(\$16)	\$176	\$302	\$261	\$398	52.4%	\$107	\$233	118.8%	\$534.0	\$915.9	71.5%	
<b>EBITDA (\$s)</b>	(\$9)	\$25	\$205	\$343	\$301	\$454	50.9%	\$150	\$289	92.3%	\$646.7	\$1,109.9	71.6%	
Interest expense	(\$57)	\$30	\$29	\$45	\$36	\$45	24.0%	\$34	\$45	32.4%	\$42	\$165	294.7%	
<b>Pretax Income</b>	\$48	(\$46)	\$147	\$257	\$225	\$353	57.1%	\$72	\$188	159.3%	\$492	\$751	52.6%	
Taxes	\$11	(\$12)	\$38	\$64	\$58	\$88	51.2%	\$20	\$47	130.4%	\$128	\$188	47.0%	
Tax Rate	22.9%	25.0%	25.8%	25.0%	26.0%	25.0%		28.1%	25.0%		25.9%	25.0%		
Preferred Dividend	\$23	\$45	\$26	\$45	\$45	\$45		\$45	\$45		\$139	\$180		
<b>Net Income to Common Shareholders</b>	\$14	(\$80)	\$84	\$147	\$121	\$219	81.0%	\$7	\$96	1250.9%	\$226	\$383	69.4%	
Average Shares (Mil.)	792.0	1244.0	702.0	1330.3	875.0	1330.3	52.0%	1129.0	1330.3	17.8%	942.0	1308.7	38.9%	
<b>EPS - Adjusted to Common Shareholders</b>	\$0.02	(\$0.06)	\$0.12	\$0.11	\$0.14	\$0.16	19.0%	\$0.01	\$0.07	1046.5%	\$0.24	\$0.29	22.0%	
<b>Margin Performance</b>														
Sales Growth	(99.3%)	13373.7%	(29.1%)	79.8%	(2.1%)	32.5%	3458	(9.3%)	34.4%	4369	(30.3%)	72.6%	10296	
Core Rev Growth	(0.2%)	(5.4%)	(29.3%)	80.4%	(2.1%)	32.6%	3472	(9.4%)	34.7%	4412	(11.0%)	35.2%	4619	
<b>Gross Margin</b>	39.9%	24.0%	25.3%	26.3%	25.2%	27.2%	200	24.2%	26.5%	230	24.9%	26.3%	134	
SG&A Ratio	106.5%	24.9%	16.1%	17.5%	15.6%	16.2%	56	19.3%	18.6%	(75)	17.1%	18.5%	139	
<b>Operating Margin</b>	(66.6%)	(0.9%)	9.2%	8.8%	9.6%	11.0%	144	4.9%	7.9%	305	7.8%	7.8%	(5)	
Incremental (Decremental) Margin	3.4%	(0.4%)	6.8%	8.3%	22.0%	15.4%	(658)	28.4%	16.7%	(1168)	6.5%	7.7%	175	
<b>EBITDA Margin</b>	(64.8%)	1.4%	10.7%	10.0%	11.0%	12.5%	154	6.9%	9.8%	295	9.5%	9.4%	(5)	
Interest Expense (POS)	(422.0%)	1.6%	1.5%	1.3%	1.3%	1.2%	(9)	1.5%	1.5%	(2)	0.6%	1.4%	79	
Pretax Margin	355.3%	(2.5%)	7.7%	7.5%	8.2%	9.8%	153	3.3%	6.4%	307	7.2%	6.4%	(84)	
<b>Net Margin</b>	103.6%	(4.4%)	4.4%	4.3%	4.4%	6.1%	163	0.3%	3.3%	293	3.3%	3.2%	(6)	
<b>Segment Sales:</b>														
<b>Residential Roofing Products Revenue</b>	\$929	\$819	\$930	\$1,631	\$1,352	\$1,787	32.2%	\$1,026	\$1,395	36.0%	\$4,236	\$5,631	32.9%	
Residential Roofing Growth YoY	0.1%	-11.8%	-30.0%	75.4%	-3.8%	32.2%	3596	-12.5%	36.0%	4856	-12.4%	32.9%	4531	
Residential Roofing Core Growth YoY	0.1%	(11.8%)	(30.0%)	75.4%	(3.8%)	32.2%	3596	(12.5%)	36.0%	4856	(12.4%)	32.9%	4531	
<b>Non-residential Roofing Products Revenue</b>	\$501	\$504	\$536	\$892	\$734	\$882	20.2%	\$614	\$742	20.8%	\$2,385	\$3,020	26.6%	
Non-residential Roofing Growth YoY	-5.2%	0.5%	-28.1%	66.6%	-0.7%	20.2%	2089	-7.1%	20.8%	2793	-10.8%	26.6%	3743	
Non-residential Roofing Core Growth YoY	(5.2%)	0.5%	(28.1%)	66.6%	(0.7%)	20.2%	2089	(7.1%)	20.8%	2793	(10.8%)	26.6%	3743	
<b>Complementary Building Products Revenue</b>	\$478	\$483	\$426	\$890	\$629	\$931	48.1%	\$538	\$797	48.1%	\$2,071	\$3,101	49.7%	
Complementary Building Products Growth YoY	4.7%	1.0%	-29.1%	108.9%	0.0%	48.1%	4809	-5.6%	48.1%	5370	-8.2%	49.7%	5794	
Complementary Building Products Core Growth YoY	4.7%	1.0%	(29.1%)	108.9%	(0.0%)	48.1%	4809	(5.6%)	48.1%	5370	(8.2%)	49.7%	5794	
							NA			NA			NA	
							NA			NA			NA	
<b>OTHER FINANCIAL METRICS:</b>														
D&A	\$0	\$41	\$27	\$41	\$40	\$56	41%	\$41	\$56	35%	\$109	\$194	79%	
EBITDA Adjustments	\$0	\$0	\$2	\$0	\$0	\$0	NA	\$2	\$0	NA	\$4	\$0	NA	
Inventories Days O/S	108	80	127	82	115	74	(41)	106	106	(0)	106	106	(0)	
Receivables Days O/S	58	44	81	59	81	60	(21)	61	66	5	61	66	5	

Source: Wolfe Research Estimates, Company Reports  
Results prior to 2025 represent BECN results

Exhibit 2 - QXO Income Statement

QXO INCOME STATEMENT, 2015-2030E (Dollars in Millions Except Per Share Data)																					
Year Ending December	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026E	% Change	2027E	% Change	2028E	% Change	2029E	% Change	2030E	% Change
Sales	\$2,896	\$4,153	\$4,496	\$7,018	\$6,799	\$6,078	\$6,820	\$8,430	\$9,120	\$9,820	\$6,842	\$11,812	72.6%	\$16,518	39.8%	\$21,080	27.6%	\$27,365	29.8%	\$35,525	29.8%
Cost of Goods Sold	\$2,205	\$3,122	\$3,402	\$5,259	\$5,189	\$4,598	\$5,001	\$6,194	\$6,777	\$7,327	\$5,138	\$8,711	69.6%	\$12,062	38.5%	\$15,288	26.7%	\$19,791	29.5%	\$25,622	29.5%
Gross Profit	\$691	\$1,031	\$1,095	\$1,759	\$1,611	\$1,480	\$1,820	\$2,236	\$2,343	\$2,493	\$1,704	\$3,101	81.9%	\$4,456	43.7%	\$5,792	30.0%	\$7,574	30.8%	\$9,903	30.8%
Operating Expense	\$538	\$768	\$776	\$1,330	\$1,301	\$1,098	\$1,214	\$1,431	\$1,538	\$1,765	\$1,170	\$2,185	86.7%	\$2,773	26.9%	\$3,307	19.3%	\$4,184	26.5%	\$5,290	26.4%
O&A (Included in OpEx)	\$45	\$68	\$34	\$69	\$69	\$56	\$52	\$75	\$91	\$111	\$109	\$194	78.7%	\$236	21.6%	\$245	5.1%	\$268	8.1%	\$304	13.4%
Operating Income	\$153	\$273	\$319	\$429	\$340	\$382	\$606	\$805	\$805	\$729	\$534	\$916	71.5%	\$1,683	83.8%	\$2,485	47.6%	\$3,390	36.4%	\$4,614	36.1%
EBITDA (\$s)	207.5	354.0	370.4	519.3	431.2	464.6	686.1	909.9	929.6	876.0	646.7	1,109.9	71.6%	1,919.4	72.9%	2,732.7	42.4%	3,657.6	33.8%	4,917.6	34.4%
Interest Expense	\$21	\$50	\$46	\$140	\$142	\$112	\$78	\$78	\$78	\$49	\$42	\$165	294.7%	\$568	244.2%	\$716	26.1%	\$924	29.1%	\$1,144	23.8%
Pretax Income	\$132	\$222	\$273	\$290	\$198	\$270	\$527	\$726	\$826	\$679	\$492	\$751	52.6%	\$1,115	48.5%	\$1,769	58.6%	\$2,466	39.4%	\$3,470	40.7%
Tax Rate	38.7%	38.7%	35.1%	28.8%	25.3%	28.5%	25.2%	25.9%	25.8%	26.4%	25.9%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
Net Income before Preferred Divs												\$563.2	54.5%	\$836.6	48.5%	\$1,326.5	58.6%	\$1,849.2	39.4%	\$2,602.2	40.7%
Net Income to Common Shareholders	\$81	\$136	\$177	\$206	\$148	\$199	\$394	\$538	\$508	\$500	\$226	\$383	69.4%	\$656	71.4%	\$1,146	74.7%	\$1,669	45.6%	\$2,422	45.1%
Preferred Dividends												180.4		180.4		180.4		180.4		180.4	
Average Shares (M)												1,309	38.9%	1,336	2.1%	1,340	0.3%	1,344	0.3%	1,346	0.1%
EPS 1Q:												(\$0.06)	(463.3%)	(\$0.01)	(78.1%)	\$0.05	(439.2%)	\$0.09	89.3%	\$0.16	74.8%
2Q:												\$0.18	(7.0%)	\$0.29	65.0%	\$0.29	58.4%	\$0.41	42.1%	\$0.58	42.1%
3Q:												\$0.16	19.0%	\$0.21	29.3%	\$0.33	54.4%	\$0.46	40.7%	\$0.65	40.8%
4Q:												\$0.07	1046.5%	\$0.11	51.4%	\$0.19	72.6%	\$0.28	46.6%	\$0.40	46.2%
EPS - Adjusted to Common	YR:											\$0.24	22.0%	\$0.49	67.9%	\$0.86	74.1%	\$1.24	45.2%	\$1.80	44.9%
<b>CASH FLOW SUMMARY:</b>																					
Net Income	\$81	\$136	\$177	\$206	\$148	\$199	\$394	\$538	\$508	\$500	\$226	\$383	69.4%	\$656	71.4%	\$1,146	74.7%	\$1,669	45.6%	\$2,422	45.1%
Noncash Charges	\$45	\$68	\$34	\$69	\$69	\$56	\$62	\$75	\$91	\$111	\$109	\$194	78.7%	\$236	21.6%	\$245	5.1%	\$268	8.1%	\$304	13.4%
Gross Cash Flow	\$126	\$204	\$211	\$276	\$217	\$255	\$456	\$613	\$599	\$611	\$334	\$577	72.5%	\$892	54.7%	\$1,391	56.3%	\$1,937	38.9%	\$2,726	40.7%
Gross CF/Share	\$1.21	\$2.04	\$2.11	\$2.76	\$2.17	\$2.55	\$4.56	\$6.13	\$5.99	\$6.11	\$3.34	\$5.44	24.1%	\$6.67	51.5%	\$10.4	55.8%	\$14.4	38.6%	\$20.2	40.5%
Capital Expenditures	\$12	\$26	\$40	\$46	\$57	\$54	\$72	\$90	\$123	\$127	\$78	\$236	202.1%	\$347	46.8%	\$379	9.4%	\$465	22.6%	\$604	29.8%
Dividends (Pref Equity)				\$13	\$24	\$24	\$24	\$24	\$19	\$0	-\$139	-\$180	30.2%	-\$180	0.0%	-\$180	0.0%	-\$180	0.0%	-\$180	0.0%
Free Cash Flow	\$105	\$178	\$171	\$217	\$136	\$177	\$367	\$499	\$457	\$484	\$395	\$521	31.9%	\$726	39.3%	\$1,195	64.7%	\$1,652	38.2%	\$2,302	39.4%
Free CF/Share	\$0.97	\$1.41	\$1.36	\$1.66	\$1.03	\$1.36	\$2.81	\$3.76	\$3.45	\$3.61	\$3.24	\$4.00	(5.0%)	\$5.4	36.5%	\$8.9	64.2%	\$12.3	37.8%	\$17.1	39.2%
EBITDA Adjustments	\$10.2	\$13.7	\$17.0	\$20.8	\$21.9	\$26.4	\$18.7	\$30.1	\$33.8	\$36.4	\$4.1	\$0.0	0.0%	\$0.0	0.0%	\$0.0	0.0%	\$0.0	0.0%	\$0.0	0.0%
EBITDA (Op. CF)	\$208	\$354	\$370	\$519	\$431	\$465	\$686	\$910	\$930	\$876	\$647	\$1,110	71.6%	\$1,919	72.9%	\$2,733	42.4%	\$3,658	33.8%	\$4,918	34.4%
EBITDA (Op. Cash Flow)/Share	\$0.89	\$2.65	\$2.72	\$3.76	\$3.12	\$3.41	\$6.86	\$7.00	\$6.86	\$6.47	\$5.67	\$8.55	23.5%	\$14.4	69.4%	\$21.0	41.9%	\$29.7	33.5%	\$40.2	34.2%
<b>MARGIN PERFORMANCE AS % OF SALES:</b>																					
Sales Growth	22.1%	43.4%	8.3%	56.1%	-3.1%	-10.6%	12.2%	23.6%	8.2%	7.7%	-30.3%	72.6%	10296	39.8%	(3279)	27.6%	(1222)	29.8%	219	29.8%	1
Core Rev Growth	4.4%	6.4%	5.4%	-1.6%	0.3%	0.7%	12.6%	21.5%	7.3%	7.1%	-11.0%	35.2%	4619	40.6%	534	27.6%	(1293)	29.8%	219	29.8%	1
Gross Profit	23.9%	24.8%	24.3%	25.1%	24.1%	24.4%	28.7%	26.5%	25.7%	25.4%	24.9%	26.3%	134	27.0%	73	27.5%	50	27.7%	20	27.9%	20
SG&A Expense	18.56%	18.26%	17.25%	18.95%	19.13%	18.07%	17.80%	16.97%	16.87%	17.97%	17.11%	18.5%	130	16.8%	(171)	15.7%	(110)	15.3%	(40)	14.9%	(40)
Operating Margin	5.3%	6.6%	7.1%	6.1%	5.0%	6.3%	8.9%	9.5%	8.8%	7.4%	7.8%	7.8%	(5)	10.2%	244	11.8%	160	12.4%	60	13.0%	60
Incremental (Decremental) Margin	10.80%	9.53%	13.51%	4.37%	5.01%	NMF	30.17%	12.35%	-0.01%	-10.85%	-5.54%	7.7%	7.7%	16.3%	17.6%	17.6%	14.4%	14.4%	15.0%	15.0%	
EBITDA Margin	7.2%	8.6%	8.2%	7.4%	6.3%	7.8%	10.1%	10.8%	10.2%	8.9%	9.5%	9.4%	(5)	11.8%	222	13.0%	134	13.4%	40	13.8%	48
Pretax Income	4.6%	5.3%	6.1%	4.1%	2.9%	4.4%	7.7%	8.6%	7.5%	6.9%	7.2%	6.4%	(84)	6.8%	40	8.4%	164	9.0%	62	9.8%	76
Net Margin	2.8%	3.3%	3.9%	2.9%	2.2%	3.3%	5.8%	6.4%	5.6%	5.1%	3.3%	3.2%	(6)	4.0%	73	5.4%	146	6.1%	66	6.8%	72
Interest Expense (POS)	0.7%	1.2%	1.0%	2.0%	2.1%	1.8%	1.1%	0.9%	1.3%	0.5%	0.6%	1.40%	79	3.44%	204	3.40%	(4)	3.36%	(2)	3.22%	(16)
Capital Expenditures	0.7%	0.6%	0.9%	0.7%	0.8%	0.9%	1.1%	1.1%	1.3%	1.3%	1.1%	2.00%	86	2.10%	10	1.80%	(30)	1.70%	(10)	1.70%	0
<b>SEGMENT SALES:</b>																					
Residential Roofing Products Revenue	\$1,451	\$2,221	\$2,441	\$2,948	\$3,056	\$3,227	\$3,591	\$4,218	\$4,683	\$4,834	\$4,236	\$5,631	32.9%	\$7,935	40.9%	\$9,969	25.6%	\$12,882	29.2%	\$16,647	29.2%
Residential Roofing Growth YoY	27.7%	53.1%	9.9%	20.8%	3.7%	5.6%	11.3%	17.5%	11.0%	3.2%	-12.4%	32.9%	32.9%	40.9%	25.6%	25.6%	25.6%	29.2%	29.2%	29.2%	
Incremental (Decremental) Growth YoY	7.6%	12.1%	8.3%	-4.6%	4.0%	6.1%	11.6%	14.5%	9.0%	1.4%	-12.4%	32.9%	32.9%	40.9%	25.6%	25.6%	25.6%	29.2%	29.2%	29.2%	
Non-residential Roofing Products Revenue	\$1,013	\$1,298	\$1,291	\$1,730	\$1,703	\$1,603	\$1,740	\$2,464	\$2,422	\$2,674	\$2,385	\$3,020	26.6%	\$4,169	38.0%	\$5,243	25.8%	\$6,781	29.3%	\$8,772	29.3%
Non-residential Roofing Growth YoY	15.7%	28.2%	-0.5%	33.9%	-1.5%	-5.9%	8.5%	41.6%	-1.7%	10.4%	-10.8%	26.6%	26.6%	38.0%	25.8%	25.8%	25.8%	29.3%	29.3%	29.3%	
Non-residential Roofing Core Growth YoY	0.4%	-0.8%	-0.6%	1.3%	-1.0%	-4.8%	8.8%	41.6%	-4.6%	8.3%	-10.8%	26.6%	26.6%	38.0%	25.8%	25.8%	25.8%	29.3%	29.3%	29.3%	
Complementary Building Products Revenue	\$432	\$634	\$764	\$2,340	\$2,040	\$1,248	\$1,489	\$1,748	\$2,014	\$2,256	\$2,071	\$3,101	49.7%	\$4,414	42.4%	\$5,868	32.9%	\$7,701	31.2%	\$10,106	31.2%
Complementary Building Products Growth YoY	20.3%	46.6%	20.5%	206.4%	-12.8%	-38.6%	19.4%	17.3%	15.2%	12.0%	-8.2%	49.7%	49.7%	42.4%	42.4%	32.9%	32.9%	31.2%	31.2%	31.2%	
Complementary Building Products Core Growth YoY	4.6%	4.1%	7.6%	3.2%	-3.6%	-2.9%	19.7%	15.0%	3.0%	2.9%	-8.2%	49.7%	49.7%	42.4%	42.4%	32.9%	32.9%	31.2%	31.2%	31.2%	
<b>OTHER FINANCIAL METRICS:</b>																					
ROE	9.5%	12.3%	11.4%	11.3%	7.9%	11.7%	23.5%	28.9%	27.3%	12.0%	2.8%	3.8%	104	6.1%	231	9.7%	360	12.5%	276	15.5%	305
ROIC	9.3%	9.8%	8.7%	9.1%	5.8%	6.9%	13.0%	17.2%	15.5%	7.2%	2.4%	5.1%	266	9.7%	457	11.4%	170	12.4%	105	13.4%	97

Source: Wolfe Research, Company Reports  
Results prior to 2025 represent BECN results

Exhibit 3 - QXO ROIC-ROE

QXO, INC. RETURN ANALYSIS, 2014- 2030E																	
RETURN ON INVESTED CAPITAL																	
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E
Net Income	\$52	\$81	\$136	\$177	\$206	\$148	\$199	\$394	\$538	\$508	\$500	\$226	\$383	\$656	\$1,146	\$1,669	\$2,422
Interest Expense	\$10	\$21	\$50	\$46	\$140	\$142	\$112	\$78	\$78	\$78	\$49	\$42	\$165	\$568	\$716	\$924	\$1,144
Tax Rate	39.4%	38.7%	38.7%	35.1%</													

## Exhibit 4 - QXO Cash Flows

QXO, INC.																	
CASH FLOW SUMMARY 2014-2030E																	
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E
Net Income	\$52	\$56	\$103	\$148	\$30	(\$33)	(\$243)	\$243	\$458	\$435	\$362	(\$279)	\$83	\$76	\$646	\$1,269	\$2,022
Depreciation & Amortization	\$31	\$35	\$100	\$116	\$202	\$278	\$391	\$162	\$159	\$176	\$202	\$423	\$594	\$591	\$588	\$593	\$614
Working Capital Change	(\$82)	(\$187)	(\$74)	(\$159)	(\$514)	\$234	\$160	(\$262)	(\$288)	\$86	(\$241)	(\$158)	(\$1,454)	(\$1,290)	(\$1,248)	(\$1,726)	(\$2,239)
Other	\$55	\$171	(\$10)	\$263	\$778	(\$238)	\$257	\$24	\$72	\$91	\$96	\$275	\$783	\$1,164	\$1,245	\$1,399	\$1,592
<b>Net Cash from Operating Activities</b>	<b>\$55</b>	<b>\$75</b>	<b>\$120</b>	<b>\$368</b>	<b>\$495</b>	<b>\$241</b>	<b>\$565.5</b>	<b>\$167</b>	<b>\$401</b>	<b>\$788</b>	<b>\$419</b>	<b>\$261</b>	<b>\$6</b>	<b>\$541</b>	<b>\$1,232</b>	<b>\$1,534</b>	<b>\$1,988</b>
Capital Expenditures	(\$37)	(\$21)	(\$26)	(\$40)	(\$46)	(\$57)	(\$54)	(\$72)	(\$90)	(\$123)	(\$127)	(\$78)	(\$236)	(\$347)	(\$379)	(\$465)	(\$604)
Acquisitions of businesses	(\$2)	(\$85)	(\$1,018)	(\$129)	(\$2,740)	(\$164)	(\$5)	(\$89)	(\$309)	(\$119)	(\$421)	(\$10,557)	(\$2,250)	(\$2,748)	(\$3,352)	(\$3,819)	(\$5,154)
Other	\$1	\$1	\$2	\$2	\$2	\$9	\$15	\$877	\$4	\$16	\$7	\$4	\$0	\$0	\$0	\$0	\$0
<b>Net Cash from Investing Activities</b>	<b>(\$37)</b>	<b>(\$105)</b>	<b>(\$1,043)</b>	<b>(\$167)</b>	<b>(\$2,784)</b>	<b>(\$212)</b>	<b>(\$45)</b>	<b>\$716</b>	<b>(\$396)</b>	<b>(\$226)</b>	<b>(\$541)</b>	<b>(\$10,630)</b>	<b>(\$2,486)</b>	<b>(\$3,095)</b>	<b>(\$3,731)</b>	<b>(\$4,284)</b>	<b>(\$5,758)</b>
Debt Borrowings (Repayments)	(\$39)	(\$23)	\$900	(\$359)	\$1,868	(\$13)	\$63	(\$1,034)	\$248	\$411	\$2,843	(\$2,068)	\$272	\$2,429	\$2,440	\$2,775	\$3,780
Equity Proceeds	\$8	\$8	\$24	\$342	\$406	\$3	\$10	\$24	\$17	\$13	\$9	\$2,975	\$0	\$0	\$0	\$0	\$0
Other	\$21	\$2	(\$17)	(\$24)	(\$25)	(\$26)	(\$151)	(\$86)	(\$16)	(\$35)	(\$2,513)	\$6,617	\$3,750	(\$180)	(\$180)	(\$180)	(\$180)
<b>Net Cash from Financing Activities</b>	<b>(\$10)</b>	<b>(\$13)</b>	<b>\$907</b>	<b>(\$41)</b>	<b>\$2,236</b>	<b>(\$59)</b>	<b>(\$102)</b>	<b>(\$1,119)</b>	<b>(\$163)</b>	<b>(\$546)</b>	<b>\$113</b>	<b>\$7,663</b>	<b>\$4,203</b>	<b>\$2,429</b>	<b>\$2,440</b>	<b>\$2,775</b>	<b>\$3,780</b>
Effect of Exchange Rate	(\$1)	(\$1)	\$1	(\$1)	\$1	\$0	(\$1)	\$1	(\$1)	\$1	(\$1)	\$0	\$0	\$0	\$0	\$0	\$0
<b>Inc (Dec) in Cash &amp; Eq</b>	<b>\$7</b>	<b>(\$43)</b>	<b>(\$15)</b>	<b>\$160</b>	<b>(\$52)</b>	<b>(\$30)</b>	<b>\$418</b>	<b>(\$236)</b>	<b>(\$158)</b>	<b>\$16</b>	<b>(\$10)</b>	<b>(\$2,706)</b>	<b>\$1,723</b>	<b>(\$125)</b>	<b>(\$60)</b>	<b>\$25</b>	<b>\$10</b>
Beg Year Cash & Equivalents	\$47	\$54	\$11	(\$3)	\$157	\$104	\$75	\$461	\$226	\$68	\$84	\$816	\$2,362	\$4,084	\$3,959	\$3,899	\$3,924
<b>Cash &amp; Equivalents, End of Year</b>	<b>\$54</b>	<b>\$11</b>	<b>(\$3)</b>	<b>\$157</b>	<b>\$104</b>	<b>\$75</b>	<b>\$492</b>	<b>\$226</b>	<b>\$68</b>	<b>\$84</b>	<b>\$816</b>	<b>\$2,362</b>	<b>\$4,084</b>	<b>\$3,959</b>	<b>\$3,899</b>	<b>\$3,924</b>	<b>\$3,934</b>
Average Shares	50	53	60	63	76	76	79	80	78	70	64	942	1309	1336	1340	1344	1346
<b>Year End Cash &amp; Eq Per Share</b>	<b>\$1.09</b>	<b>\$0.22</b>	<b>(\$0.06)</b>	<b>\$2.48</b>	<b>\$1.38</b>	<b>\$0.98</b>	<b>\$6.23</b>	<b>\$2.81</b>	<b>\$0.87</b>	<b>\$1.21</b>	<b>\$12.80</b>	<b>\$2.51</b>	<b>\$3.12</b>	<b>\$2.96</b>	<b>\$2.91</b>	<b>\$2.92</b>	<b>\$2.92</b>
Operating Income	\$96	\$153	\$273	\$319	\$429	\$340	\$382	\$606	\$805	\$805	\$729	\$534	\$916	\$1,683	\$2,485	\$3,390	\$4,614
Noncash Sources	\$31	\$35	\$100	\$116	\$202	\$278	\$391	\$162	\$159	\$176	\$202	\$423	\$594	\$591	\$588	\$593	\$614
<b>Total EBITDA</b>	<b>\$131</b>	<b>\$208</b>	<b>\$354</b>	<b>\$370</b>	<b>\$519</b>	<b>\$431</b>	<b>\$465</b>	<b>\$686</b>	<b>\$910</b>	<b>\$930</b>	<b>\$876</b>	<b>\$647</b>	<b>\$1,110</b>	<b>\$1,919</b>	<b>\$2,733</b>	<b>\$3,658</b>	<b>\$4,918</b>
<b>EBITDA Per Share</b>	<b>\$2.63</b>	<b>\$3.95</b>	<b>\$5.86</b>	<b>\$5.86</b>	<b>\$6.84</b>	<b>\$5.66</b>	<b>\$5.88</b>	<b>\$8.55</b>	<b>\$11.70</b>	<b>\$13.37</b>	<b>\$13.74</b>	<b>\$0.69</b>	<b>\$0.85</b>	<b>\$1.44</b>	<b>\$2.04</b>	<b>\$2.72</b>	<b>\$3.65</b>
Net Income	\$52	\$56	\$103	\$148	\$30	(\$33)	(\$243)	\$243	\$458	\$435	\$362	(\$279)	\$83	\$76	\$646	\$1,269	\$2,022
Noncash Sources	\$31	\$35	\$100	\$116	\$202	\$278	\$391	\$162	\$159	\$176	\$202	\$423	\$594	\$591	\$588	\$593	\$614
<b>Total Gross Cash Flow</b>	<b>\$83</b>	<b>\$91</b>	<b>\$203</b>	<b>\$264</b>	<b>\$232</b>	<b>\$245</b>	<b>\$149</b>	<b>\$405</b>	<b>\$618</b>	<b>\$611</b>	<b>\$564</b>	<b>\$144</b>	<b>\$677</b>	<b>\$667</b>	<b>\$1,234</b>	<b>\$1,862</b>	<b>\$2,636</b>
<b>Gross Cash Flow Per Share</b>	<b>\$1.66</b>	<b>\$1.74</b>	<b>\$3.37</b>	<b>\$4.19</b>	<b>\$3.05</b>	<b>\$3.21</b>	<b>\$1.88</b>	<b>\$5.04</b>	<b>\$7.94</b>	<b>\$8.79</b>	<b>\$8.84</b>	<b>\$0.15</b>	<b>\$0.52</b>	<b>\$0.50</b>	<b>\$0.92</b>	<b>\$1.39</b>	<b>\$1.96</b>
Total Gross Cash Flow	\$83	\$91	\$203	\$264	\$232	\$245	\$149	\$405	\$618	\$611	\$564	\$144	\$677	\$667	\$1,234	\$1,862	\$2,636
Capital Expenditures	\$37	\$21	\$26	\$40	\$46	\$57	\$54	\$72	\$90	\$123	\$127	\$78	\$236	\$347	\$379	\$465	\$604
Dividends	\$0	\$0	\$0	\$0	\$13	\$24	\$24	\$24	\$19	\$0	(\$139)	(\$180)	(\$180)	(\$180)	(\$180)	(\$180)	(\$180)
Total Free Cash Flow	\$45	\$71	\$177	\$225	\$173	\$164	\$70	\$309	\$504	\$469	\$437	\$204	\$621	\$501	\$1,035	\$1,577	\$2,212
<b>Free Cash Flow Per Share</b>	<b>\$0.91</b>	<b>\$1.34</b>	<b>\$2.93</b>	<b>\$3.56</b>	<b>\$2.28</b>	<b>\$2.15</b>	<b>\$0.89</b>	<b>\$3.85</b>	<b>\$6.48</b>	<b>\$6.75</b>	<b>\$6.85</b>	<b>\$0.22</b>	<b>\$0.47</b>	<b>\$0.37</b>	<b>\$0.77</b>	<b>\$1.17</b>	<b>\$1.64</b>

Dollars in millions except per share data.

 Source: Wolfe Research, Company Reports  
 Results prior to 2025 represent BECN results

## Exhibit 5 - QXO Balance Sheet

QXO, INC.																	
Select Balance Sheet Data																	
(Dollars in Millions)																	
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E
<b>Assets</b>																	
Cash and Equivalents	\$54	\$46	\$31	\$138	\$130	\$72	\$461	\$226	\$68	\$84	\$816	\$2,362	\$4,084	\$3,959	\$3,899	\$3,924	\$3,934
Inventory	\$315	\$466	\$529	\$604	\$1,025	\$947	\$953	\$1,162	\$1,323	\$1,228	\$1,408	\$1,497	\$2,530	\$3,503	\$4,440	\$5,748	\$7,441
Goodwill/Intangibles	\$466	\$583	\$1,662	\$1,681	\$3,826	\$3,616	\$2,250	\$2,198	\$2,364	\$2,356	\$2,584	\$8,930	\$9,430	\$9,930	\$10,430	\$10,930	\$11,430
Other Assets	\$599	\$444	\$892	\$1,026	\$1,527	\$1,758	\$2,669	\$1,963	\$2,249	\$2,540	\$10,612	\$3,098	\$3,898	\$2,918	\$2,499	\$2,312	\$2,611
<b>Total Assets</b>	<b>\$1,434</b>	<b>\$1,539</b>	<b>\$3,114</b>	<b>\$3,450</b>	<b>\$6,509</b>	<b>\$6,393</b>	<b>\$6,334</b>	<b>\$5,549</b>	<b>\$6,004</b>	<b>\$6,208</b>	<b>\$15,420</b>	<b>\$15,887</b>	<b>\$19,943</b>	<b>\$20,310</b>	<b>\$21,268</b>	<b>\$22,915</b>	<b>\$25,417</b>
<b>Liabilities</b>																	
Debt	\$221	\$198	\$1,097	\$739	\$2,607	\$2,594	\$2,657	\$1,623	\$1,871	\$2,282	\$5,125	\$3,057	\$3,330	\$5,758	\$8,198	\$10,973	\$14,753
Other Liabilities	\$396	\$459	\$693	\$929	\$2,018	\$1,936	\$2,132	\$2,114	\$2,228	\$2,102	\$3,792	\$3,123	\$6,343	\$3,445	\$637	(\$2,341)	(\$6,221)
<b>Total Liabilities</b>	<b>\$617</b>	<b>\$656</b>	<b>\$1,790</b>	<b>\$1,668</b>	<b>\$4,624</b>	<b>\$4,530</b>	<b>\$4,789</b>	<b>\$3,737</b>	<b>\$4,099</b>	<b>\$4,384</b>	<b>\$8,917</b>	<b>\$6,181</b>	<b>\$9,673</b>	<b>\$9,204</b>	<b>\$8,835</b>	<b>\$8,632</b>	<b>\$8,532</b>
<b>Equity</b>	<b>\$817</b>	<b>\$883</b>	<b>\$1,324</b>	<b>\$1,782</b>	<b>\$1,884</b>	<b>\$1,862</b>	<b>\$1,545</b>	<b>\$1,812</b>	<b>\$1,904</b>	<b>\$1,824</b>	<b>\$6,503</b>	<b>\$9,707</b>	<b>\$10,270</b>	<b>\$11,107</b>	<b>\$12,433</b>	<b>\$14,282</b>	<b>\$16,884</b>
<b>Total Liabilities and Equity</b>	<b>\$1,434</b>	<b>\$1,539</b>	<b>\$3,114</b>	<b>\$3,450</b>	<b>\$6,509</b>	<b>\$6,393</b>	<b>\$6,334</b>	<b>\$5,549</b>	<b>\$6,004</b>	<b>\$6,208</b>	<b>\$15,420</b>	<b>\$15,887</b>	<b>\$19,943</b>	<b>\$20,310</b>	<b>\$21,268</b>	<b>\$22,915</b>	<b>\$25,417</b>

 Source: Wolfe Research, Company Reports  
 Results prior to 2025 represent BECN results

## DISCLOSURE SECTION

### Analyst Certification:

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A managing member of the firm has a financial interest in the equity securities of the subject company. WR Securities, LLC, doing business as Wolfe Research Securities, owns a financial interest in the equity securities of the subject company.

### **Wolfe Research, LLC Fundamental Valuation Methodology:**

Company: QXO, Inc. Fundamental Valuation Methodology: We utilize a forward EV/EBITDA multiple to arrive at our price target

### **Wolfe Research, LLC Fundamental Recommendation, Rating and Target Price Risks:**

Company: QXO, Inc. Risks That May Impede Achievement of the Recommendation, Rating or Target Price: Downside risks include QXO not delivering on its stated margin improvement targets as well as an inability to find acquisition candidates that operate in the company's desired end-markets and can be purchased at desired multiples.

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Company: QXO, Inc. Research Disclosures: 1, 7, 10, Other

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Outperform (OP): The security is projected to outperform analyst's industry coverage universe over the next 12 months.

Peer Perform (PP): The security is projected to perform approximately in line with analyst's industry coverage universe over the next 12 months.

Underperform (UP): The security is projected to underperform analyst's industry coverage universe over the next 12 months.

Wolfe Research, LLC does not assign target prices for Peer Perform rated companies.

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Market Underweight (MU): Expect the industry to underperform the primary market index for the region (S&P 500 in the U.S.) by at least 10% over the next 12 months.

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Peer Perform:	43.85%	1.70% Investment Banking Clients within the previous 12 months
Underperform:	5.47%	0.00% Investment Banking Clients within the previous 12 months

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