

Summit Materials, Inc.
Form 10-Q
May 04, 2016
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the quarterly period ended April 2, 2016

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the transition period from _____ to _____

Commission file numbers:

001-36873 (Summit Materials, Inc.)

333-187556 (Summit Materials, LLC)

SUMMIT MATERIALS, INC.

SUMMIT MATERIALS, LLC

(Exact name of registrants as specified in their charters)

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| | |
|---|---|
| Delaware (Summit Materials, Inc.) | 47-1984212 |
| Delaware (Summit Materials, LLC) | 26-4138486 |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |
| 1550 Wynkoop Street, 3rd Floor | |
| Denver, Colorado | 80202 |
| (Address of principal executive offices) | (Zip Code) |

Registrants' telephone number, including area code: (303) 893-0012

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

| | | |
|------------------------|-----|----|
| Summit Materials, Inc. | Yes | No |
| Summit Materials, LLC | Yes | No |

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

| | | |
|------------------------|-----|----|
| Summit Materials, Inc. | Yes | No |
| Summit Materials, LLC | Yes | No |

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Summit Materials, Inc.

| | | |
|-------------------------|---|---------------------------|
| Large accelerated filer | | Accelerated filer |
| Non-accelerated filer | (Do not check if a smaller reporting company) | Smaller reporting company |

Summit Materials, LLC

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Large accelerated filer
Non-accelerated filer

(Do not check if a smaller reporting company)

Accelerated filer
Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

| | | |
|------------------------|-----|----|
| Summit Materials, Inc. | Yes | No |
| Summit Materials, LLC | Yes | No |

As of May 3, 2016, the number of shares of Summit Materials, Inc.'s outstanding Class A and Class B common stock, par value \$0.01 per share for each class, was 62,622,655 and 69,007,297, respectively.

As of April 27, 2016, 100% of Summit Materials, LLC's outstanding limited liability company interests were held by Summit Materials Intermediate Holdings, LLC, its sole member and an indirect subsidiary of Summit Materials, Inc.

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EXPLANATORY NOTE

This quarterly report on Form 10-Q (this “report”) is a combined quarterly report being filed separately by two registrants: Summit Materials, Inc. and Summit Materials, LLC. Each registrant hereto is filing on its own behalf all of the information contained in this report that relates to such registrant. Each registrant hereto is not filing any information that does not relate to such registrant, and therefore makes no representation as to any such information. We believe that combining the quarterly reports on Form 10-Q of Summit Materials, Inc. and Summit Materials, LLC into this single report eliminates duplicative and potentially confusing disclosure and provides a more streamlined presentation since a substantial amount of the disclosure applies to both registrants.

Unless stated otherwise or the context requires otherwise, references to “Summit Inc.” mean Summit Materials, Inc., a Delaware corporation, and references to “Summit LLC” mean Summit Materials, LLC, a Delaware limited liability company. The references to Summit Inc. and Summit LLC are used in cases where it is important to distinguish between them. We use the terms “we,” “our,” “us” or “the Company” to refer to Summit Inc. and Summit LLC together with their respective subsidiaries, unless otherwise noted or the context otherwise requires.

Summit Inc. was formed on September 23, 2014 to be a holding company. As of April 2, 2016, its sole material asset was a 49.7% economic interest in Summit Materials Holdings L.P. (“Summit Holdings”). Summit Inc. has 100% of the voting rights of Summit Holdings, which is the indirect parent of Summit LLC. Summit LLC is a co-issuer of our outstanding 8 1/2% senior notes due 2022 (“2022 Notes”) and our 6.1% senior notes due 2023 (“2023 Notes” and collectively with the 2022 Notes, the “Senior Notes”). Summit Inc.’s only revenue for the three months ended April 2, 2016 was that generated by Summit LLC. Summit Inc. controls all of the business and affairs of Summit Holdings and, in turn, Summit LLC, as a result of its reorganization into a holding corporation structure consummated in connection with the initial public offering of its Class A common stock on March 11, 2015 (“IPO”).

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report includes “forward-looking statements” within the meaning of the federal securities laws, which involve risks and uncertainties. Forward-looking statements include all statements that do not relate solely to historical or current facts, and you can identify forward-looking statements because they contain words such as “believes,” “expects,” “may,” “will,” “should,” “seeks,” “intends,” “trends,” “plans,” “estimates,” “projects” or “anticipates” or similar expressions that concern strategy, plans, expectations or intentions. All statements made relating to our estimated and projected earnings, margins, costs, expenditures, cash flows, growth rates and financial results are forward-looking statements. These forward-looking statements are subject to risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. We derive many of our forward-looking statements from our operating budgets and forecasts, which are based upon many detailed assumptions. While we believe that our assumptions are reasonable, it is very difficult to predict the effect of known factors, and, of course, it is impossible to anticipate all factors that could affect our actual results. In light of the significant uncertainties inherent in the forward-looking

statements included herein, the inclusion of such information should not be regarded as a representation by us or any other person that the results or conditions described in such statements or our objectives and plans will be realized. Important factors could affect our results and could cause results to differ materially from those expressed in our forward-looking statements, including but not limited to the factors discussed in the section entitled “Risk Factors” in Summit Inc.’s Annual Report on Form 10-K for the fiscal year ended January 2, 2016 (the “Annual Report”), as filed with the Securities and Exchange Commission (the “SEC”), any factors discussed in the section entitled “Risk Factors” of this report, and the following:

- our dependence on the construction industry and the strength of the local economies in which we operate;
 - the cyclical nature of our business;
 - risks related to weather and seasonality;
 - risks associated with our capital-intensive business;
 - competition within our local markets;
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- our ability to execute on our acquisition strategy, successfully integrate acquisitions with our existing operations and retain key employees of acquired businesses;
- our dependence on securing and permitting aggregate reserves in strategically located areas;
- declines in public infrastructure construction and reductions in governmental funding, including the funding by transportation authorities and other state agencies;
- environmental, health, safety and climate change laws or governmental requirements or policies concerning zoning and land use;
- conditions in the credit markets;
- our ability to accurately estimate the overall risks, requirements or costs when we bid on or negotiate contracts that are ultimately awarded to us;
- material costs and losses as a result of claims that our products do not meet regulatory requirements or contractual specifications;
 - cancellation of a significant number of contracts or our disqualification from bidding for new contracts;
- special hazards related to our operations that may cause personal injury or property damage not covered by insurance;
- our substantial current level of indebtedness;
- our dependence on senior management and other key personnel; and
- interruptions in our information technology systems and infrastructure.

All subsequent written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by these cautionary statements.

Any forward-looking statement that we make herein speaks only as of the date of this report. We undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as required by law.

CERTAIN DEFINITIONS

As used in this report, unless otherwise noted or the context otherwise requires:

- "Finance Corp." refers to Summit Materials Finance Corp., an indirect wholly-owned subsidiary of Summit LLC and the co-issuer of the Senior Notes;
 - the "Issuers" refers to Summit LLC and Finance Corp. as co-issuers of the Senior Notes but not to any of their subsidiaries;
 - "Continental Cement" refers to Continental Cement Company, L.L.C.;
 - "Harper Contracting" refers collectively to substantially all the assets of Harper Contracting, Inc., Harper Sand and Gravel, Inc., Harper Excavating, Inc., Harper Ready Mix Company, Inc. and Harper Investments, Inc.;
 - "Lafarge" refers to Lafarge North America Inc.;
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- “Mainland” refers to Mainland Sand & Gravel ULC, which is the surviving entity from the acquisition of Rock Head Holdings Ltd., B.I.M Holdings Ltd., Carlson Ventures Ltd., Mainland Sand and Gravel Ltd. and Jamieson Quarries Ltd.;
 - “Lewis & Lewis” refers to Lewis & Lewis, Inc.;
 - “Davenport Assets” refers to a cement plant and quarry in Davenport, Iowa and seven cement distribution terminals along the Mississippi River;
 - “LeGrand” refers to LeGrand Johnson Construction Co.;
 - “Pelican” refers to Pelican Asphalt Company, LLC;
 - “AMC” refers to American Materials Company;
 - “Boxley” refers to Boxley Materials Company;
 - “Sierra” refers to Sierra Ready Mix, LLC;
 - “Blackstone” refers to investment funds associated with or designated by The Blackstone Group L.P. and its affiliates;
 - “Silverhawk” refers to certain investment funds affiliated with Silverhawk Summit, L.P.;
 - “Sponsors” refers to Blackstone and Silverhawk; and
 - “EBITDA” refers to net loss before interest expense, income tax expense (benefit), depreciation, depletion and amortization expense.
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SUMMIT MATERIALS, INC.

SUMMIT MATERIALS, LLC

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PART I—FINANCIAL INFORMATION

ITEM 1.FINANCIAL STATEMENTS

SUMMIT MATERIALS, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

(In thousands, except share and per share amounts)

| | April 2, 2016 (unaudited) | January 2, 2016 (audited) |
|--|---------------------------------|---------------------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 92,244 | \$ 186,405 |
| Accounts receivable, net | 132,513 | 145,544 |
| Costs and estimated earnings in excess of billings | 7,797 | 5,690 |
| Inventories | 171,991 | 130,082 |
| Other current assets | 15,003 | 4,807 |
| Total current assets | 419,548 | 472,528 |
| Property, plant and equipment, less accumulated depreciation, depletion and amortization (April 2, 2016 - \$395,192 and January 2, 2016 - \$366,505) | 1,397,702 | 1,269,006 |
| Goodwill | 735,746 | 596,397 |
| Intangible assets, less accumulated amortization (April 2, 2016 - \$5,871 and January 2, 2016 - \$5,237) | 14,521 | 15,005 |
| Other assets | 46,531 | 43,243 |
| Total assets | \$ 2,614,048 | \$ 2,396,179 |
| Liabilities and Stockholders' Equity | | |
| Current liabilities: | | |
| Current portion of debt | \$ 6,500 | \$ 6,500 |
| Current portion of acquisition-related liabilities | 17,797 | 20,584 |
| Accounts payable | 91,560 | 81,397 |
| Accrued expenses | 78,963 | 92,942 |
| Billings in excess of costs and estimated earnings | 10,667 | 13,081 |
| Total current liabilities | 205,487 | 214,504 |
| Long-term debt | 1,517,680 | 1,273,652 |
| Acquisition-related liabilities | 32,175 | 39,977 |
| Other noncurrent liabilities | 129,050 | 100,186 |
| Total liabilities | 1,884,392 | 1,628,319 |
| Commitments and contingencies (see note 11) | | |
| Stockholders' equity: | | |

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| | | |
|--|--------------|--------------|
| Class A common stock, par value \$0.01 per share; 1,000,000,000 shares authorized, 49,746,982 and 49,745,944 shares issued and outstanding as of April 2, 2016 and January 2, 2016, respectively | 498 | 497 |
| Class B common stock, par value \$0.01 per share; 250,000,000 shares authorized, 69,007,297 shares issued and outstanding as of April 2, 2016 and January 2, 2016 | 690 | 690 |
| Additional paid-in capital | 622,608 | 619,003 |
| Accumulated (deficit) earnings | (11,932) | 10,870 |
| Accumulated other comprehensive loss | (1,597) | (2,795) |
| Stockholders' equity | 610,267 | 628,265 |
| Noncontrolling interest in consolidated subsidiaries | 1,283 | 1,362 |
| Noncontrolling interest in Summit Materials, Inc. | 118,106 | 138,233 |
| Total stockholders' equity | 729,656 | 767,860 |
| Total liabilities and stockholders' equity | \$ 2,614,048 | \$ 2,396,179 |

See notes to unaudited consolidated financial statements.

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SUMMIT MATERIALS, INC. AND SUBSIDIARIES

Unaudited Consolidated Statements of Operations

(In thousands, except share and per share amounts)

| | Three months ended | |
|--|--------------------|-------------------|
| | April 2, 2016 | March 28, 2015 |
| Revenue: | | |
| Product | \$ 180,102 | \$ 148,920 |
| Service | 27,937 | 26,219 |
| Net revenue | 208,039 | 175,139 |
| Delivery and subcontract revenue | 20,340 | 18,848 |
| Total revenue | 228,379 | 193,987 |
| Cost of revenue (excluding items shown separately below): | | |
| Product | 132,494 | 119,791 |
| Service | 24,054 | 19,630 |
| Net cost of revenue | 156,548 | 139,421 |
| Delivery and subcontract cost | 20,340 | 18,848 |
| Total cost of revenue | 176,888 | 158,269 |
| General and administrative expenses | 45,370 | 67,234 |
| Depreciation, depletion, amortization and accretion | 32,360 | 26,126 |
| Transaction costs | 3,316 | 1,364 |
| Operating loss | (29,555) | (59,006) |
| Other (income) expense, net | (432) | 391 |
| Loss on debt financings | — | 799 |
| Interest expense | 21,577 | 24,109 |
| Loss from operations before taxes | (50,700) | (84,305) |
| Income tax benefit | (8,166) | (4,468) |
| Net loss | (42,534) | (79,837) |
| Net loss attributable to noncontrolling interest in subsidiaries | (79) | (1,982) |
| Net loss attributable to Summit Holdings | (21,337) | (67,704) |
| Net loss attributable to Summit Materials, Inc. | \$ (21,118) | \$ (10,151) |
| Net loss per share of Class A common stock: | | |
| Basic | \$ (0.42) | \$ (0.37) |
| Diluted | \$ (0.42) | \$ (0.37) |
| Weighted average shares of Class A common stock: | | |
| Basic | 49,746,971 | 27,319,846 |
| Diluted | 49,746,971 | 27,319,846 |

See notes to unaudited consolidated financial statements.

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SUMMIT MATERIALS, INC. AND SUBSIDIARIES

Unaudited Consolidated Statements of Comprehensive Loss

(In thousands)

| | Three months ended | |
|--|--------------------|-------------------|
| | April 2, 2016 | March 28, 2015 |
| Net loss | \$ (42,534) | \$ (79,837) |
| Other comprehensive loss: | | |
| Foreign currency translation adjustment | 4,642 | (6,299) |
| Loss on cash flow hedges | (2,234) | — |
| Other comprehensive income (loss) | 2,408 | (6,299) |
| Comprehensive loss | (40,126) | (86,136) |
| Less comprehensive loss attributable to the noncontrolling interest in consolidated subsidiaries | (79) | (1,982) |
| Less comprehensive loss attributable to Summit Holdings | (20,127) | (72,953) |
| Comprehensive loss attributable to Summit Materials, Inc. | \$ (19,920) | \$ (11,201) |

See notes to unaudited consolidated financial statements.

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SUMMIT MATERIALS, INC. AND SUBSIDIARIES

Unaudited Consolidated Statements of Cash Flows

(In thousands)

| | Three months ended | |
|---|--------------------|-------------------|
| | April 2, 2016 | March 28, 2015 |
| Cash flow from operating activities: | | |
| Net loss | \$ (42,534) | \$ (79,837) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Depreciation, depletion, amortization and accretion | 36,817 | 27,358 |
| Share-based compensation expense | 2,036 | 15,217 |
| Deferred income tax benefit | (17) | — |
| Net gain on asset disposals | (1,683) | (1,834) |
| Net gain on debt financings | — | 688 |
| Other | 130 | 780 |
| Decrease (increase) in operating assets, net of acquisitions: | | |
| Accounts receivable, net | 22,281 | 30,309 |
| Inventories | (25,612) | (21,413) |
| Costs and estimated earnings in excess of billings | (1,981) | (1,662) |
| Other current assets | (9,583) | (303) |
| Other assets | 351 | 755 |
| (Decrease) increase in operating liabilities, net of acquisitions: | | |
| Accounts payable | (618) | (10,045) |
| Accrued expenses | (17,890) | (20,467) |
| Billings in excess of costs and estimated earnings | (2,552) | (649) |
| Other liabilities | (1,103) | (203) |
| Net cash used in operating activities | (41,958) | (61,306) |
| Cash flow from investing activities: | | |
| Acquisitions, net of cash acquired | (249,111) | — |
| Purchases of property, plant and equipment | (39,125) | (17,708) |
| Proceeds from the sale of property, plant and equipment | 6,019 | 2,741 |
| Other | — | (276) |
| Net cash used for investing activities | (282,217) | (15,243) |
| Cash flow from financing activities: | | |
| Proceeds from equity offerings | — | 460,000 |
| Capital issuance costs | — | (35,956) |
| Proceeds from debt issuances | 250,000 | 104,000 |
| Debt issuance costs | (5,001) | (4,055) |
| Payments on debt | (3,458) | (106,441) |
| Purchase of noncontrolling interests | — | (35,000) |
| Payments on acquisition-related liabilities | (11,973) | (4,032) |
| Net cash provided by financing activities | 229,568 | 378,516 |
| Impact of foreign currency on cash | 446 | (202) |

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| | | |
|---|-----------|------------|
| Net (decrease) increase in cash | (94,161) | 301,765 |
| Cash and cash equivalents—beginning of period | 186,405 | 13,215 |
| Cash and cash equivalents—end of period | \$ 92,244 | \$ 314,980 |

See notes to unaudited consolidated financial statements.

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SUMMIT MATERIALS, INC. AND SUBSIDIARIES

Unaudited Consolidated Statements of Changes in Stockholders' Equity and Redeemable Noncontrolling Interest

(In thousands, except share amounts)

| Summit Materials, Inc. | | | | | | | | | | |
|------------------------|--------------------|---|----------------------|--------------------------------------|-----------------------------|------------------------------|-----------------------------|---------|----------------------------|------------|
| Controlling Interest | Partners' Interest | Noncontrolling Interest in Subsidiaries | Accumulated Earnings | Accumulated Other Comprehensive Loss | Class A Common Stock Shares | Class B Common Stock Dollars | Class B Common Stock Shares | Dollars | Additional Paid-in Capital | Net Income |
| | \$ — | \$ 1,362 | \$ 10,870 | \$ (2,795) | 49,745,944 | \$ 497 | 69,007,297 | \$ 690 | \$ 619,003 | \$ |
| | — | (79) | (21,118) | — | — | — | — | — | — | |
| | — | — | — | — | 1,038 | 1 | — | — | (115) | |
| | — | — | — | 1,198 | — | — | — | — | — | |
| | — | — | (1,684) | — | — | — | — | — | 3,720 | |
| | \$ — | \$ 1,283 | \$ (11,932) | \$ (1,597) | 49,746,982 | \$ 498 | 69,007,297 | \$ 690 | \$ 622,608 | \$ |
| 740 | \$ 285,685 | \$ 1,298 | \$ — | \$ — | — | \$ — | — | \$ — | \$ — | |
| 252 | (32,252) | — | — | — | — | — | — | — | — | |
| 90) | (41,338) | (77) | — | — | — | — | — | — | — | |
| | (5,249) | — | — | — | — | — | — | — | — | |
| | 424 | — | — | — | — | — | — | — | — | |
| 02 | \$ 207,270 | \$ 1,221 | \$ — | \$ — | — | \$ — | — | \$ — | \$ — | |
| | (207,270) | — | — | — | — | — | — | — | — | |

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| | | | | | | | | | |
|------|------|----------|-------------|------------|------------|--------|------------|--------|---------|
| | — | (15) | (10,151) | — | — | — | — | — | — |
| | — | — | — | — | 25,555,555 | 256 | — | — | 423,788 |
| | — | — | — | — | — | — | 69,007,397 | 690 | (690) |
| | — | — | — | (1,050) | — | — | — | — | — |
| | — | — | — | — | — | — | (100) | — | — |
| 102) | — | — | — | — | 1,029,183 | 10 | — | — | 18,515 |
| | — | — | — | — | — | — | — | — | 14,793 |
| | \$ — | \$ 1,206 | \$ (10,151) | \$ (1,050) | 26,584,738 | \$ 266 | 69,007,297 | \$ 690 | 456,406 |

See notes to unaudited consolidated financial statements.

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SUMMIT MATERIALS, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(Tables in thousands, except share amounts)

1. SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Summit Materials, Inc. (“Summit Inc.” and, together with its subsidiaries, the “Company”) is a vertically-integrated construction materials company. The Company is engaged in the production and sale of aggregates, cement, ready-mixed concrete, asphalt paving mix and concrete products and owns and operates quarries, sand and gravel pits, two cement plants, cement distribution terminals, ready-mixed concrete plants, asphalt plants and landfill sites. It is also engaged in paving and related services. The Company has three operating segments, which are also its reporting segments: West; East; and Cement.

Substantially all of the Company’s products and services are produced, consumed and performed outdoors, primarily in the spring, summer and fall. Seasonal changes and other weather-related conditions can affect the production and sales volumes of its products and delivery of services. Therefore, the financial results for any interim period are typically not indicative of the results expected for the full year. Furthermore, the Company’s sales and earnings are sensitive to national, regional and local economic conditions and to cyclical changes in construction spending, among other factors.

On September 23, 2014, Summit Inc. was formed as a Delaware corporation to be a holding company. Its sole material asset is a controlling equity interest in Summit Materials Holdings L.P. (“Summit Holdings”). Pursuant to a reorganization into a holding company structure (the “Reorganization”) consummated in connection with Summit Inc.’s March 2015 initial public offering, Summit Inc. became a holding corporation operating and controlling all of the business and affairs of Summit Holdings and its subsidiaries and, through Summit Holdings, conducts its business. Together with Summit Inc., certain investment funds affiliated with Blackstone Capital Partners V L.P. and Silverhawk Summit, L.P. (collectively, the “Sponsors”) are the primary owners of Summit Holdings.

Equity Offerings—Summit Inc. commenced operations on March 11, 2015 upon the pricing of the initial public offering of its Class A common stock (“IPO”). Summit Inc. raised \$433.0 million, net of underwriting discounts, through the issuance of 25,555,555 shares of Class A common stock at a public offering price of \$18.00 per share. Summit Inc. used the offering proceeds to purchase a number of newly-issued Class A Units (“LP Units”) from Summit Holdings equal to the number of shares of Class A common stock issued to the public. Summit Inc. caused Summit Holdings to

use these proceeds: (i) to redeem \$288.2 million in aggregate principal amount of outstanding 10 1/2% senior notes due January 31, 2020 ("2020 Notes"); (ii) to purchase 71,428,571 Class B Units of Continental Cement Company, L.L.C. ("Continental Cement"); (iii) to pay a one-time termination fee of \$13.8 million primarily to affiliates of the Sponsors in connection with the termination of a transaction and management fee agreement; and (iv) for general corporate purposes. The \$288.2 million redemption of 2020 Notes was completed in the second quarter of 2015 at a redemption price equal to par plus an applicable premium of \$38.2 million plus \$5.2 million of accrued and unpaid interest.

On August 11, 2015, Summit Inc. raised \$555.8 million, net of underwriting discounts, through the issuance of 22,425,000 shares of Class A common stock at a public offering price of \$25.75 per share ("follow-on offering"). Summit Inc. used these proceeds to purchase 3,750,000 newly-issued LP Units from Summit Holdings and 18,675,000 LP Units from certain of our pre-IPO owners, at a purchase price per LP Unit equal to the public offering price per share of Class A common stock, less underwriting discounts and commissions. Summit Holdings used the proceeds from the 3,750,000 newly-issued LP Units to pay the deferred purchase price of \$80.0 million related to the July 17, 2015 acquisition of a cement plant and a quarry in Davenport, Iowa, and seven cement terminals along the Mississippi River (the "Davenport Assets") and for general corporate purposes.

Basis of Presentation—These unaudited consolidated financial statements were prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") for interim financial information, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and

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footnote disclosures typically included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations. These unaudited consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and the notes thereto as of and for the year ended January 2, 2016. The Company continues to follow the accounting policies set forth in those consolidated financial statements.

Management believes that these consolidated interim financial statements include all adjustments, normal and recurring in nature, that are necessary to present fairly the financial position of the Company as of April 2, 2016 and the results of operations and cash flows for the three months ended April 2, 2016 and March 28, 2015. All significant intercompany balances and transactions have been eliminated.

The Company's fiscal year is based on a 52-53 week year with each quarter composed of 13 weeks ending on a Saturday. The 53-week year occurs approximately once every seven years and occurred in 2015. The additional week in the 53-week year was included in the fourth quarter of 2015.

Principles of Consolidation—The consolidated financial statements include the accounts of Summit Inc. and its majority owned subsidiaries. As a result of the Reorganization, Summit Holdings became a variable interest entity. Summit Inc. is the primary beneficiary of Summit Holdings as a result of its 100% voting power and control over Summit Holdings and its obligation to absorb losses and its right to receive benefits of Summit Holdings and thus consolidates Summit Holdings in its consolidated financial statements with a corresponding noncontrolling interest elimination of 50.3% between January 2, 2016 and April 2, 2016 and 72.2% between March 11, 2015 and March 28, 2015. Collectively, Summit Inc.'s August 2015 follow-on offering and its December 2015 stock dividend decreased the noncontrolling interest's economic interest from 72.2% to 50.3%.

Noncontrolling interests in consolidated subsidiaries represent a 20% ownership in Ohio Valley Asphalt, LLC and, prior to the IPO and concurrent purchase of the noncontrolling interests of Continental Cement, a 30% redeemable ownership in Continental Cement. All intercompany balances and transactions have been eliminated. The Company attributes consolidated stockholders' equity and net income separately to the controlling and noncontrolling interests. The Company accounts for investments in entities for which it has an ownership of 20% to 50% using the equity method of accounting.

Use of Estimates—Preparation of these consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions. These estimates and the underlying assumptions affect the amounts of assets and liabilities reported, disclosures about contingent assets and liabilities and reported amounts of revenue and expenses. Such estimates include the valuation of accounts receivable, inventories, goodwill, intangibles and other long-lived assets, pension and other postretirement obligations and asset retirement obligations. Estimates also include revenue earned on contracts and costs to complete contracts. Most of the Company's paving and related services are performed under fixed unit-price contracts with state and local governmental entities. Management regularly evaluates its estimates and assumptions based on historical experience and other factors, including the current economic

environment. Management adjusts such estimates and assumptions when circumstances dictate. As future events and their effects cannot be determined with precision, actual results can differ significantly from estimates made. Changes in estimates, including those resulting from continuing changes in the economic environment, are reflected in the Company's consolidated financial statements when the change in estimate occurs.

Business and Credit Concentrations—The Company's operations are conducted primarily across 22 U.S. states and in British Columbia, Canada, with the most significant revenue generated in Texas, Kansas, Utah, Missouri and Kentucky. The Company's accounts receivable consist primarily of amounts due from customers within these areas. Therefore, collection of these accounts is dependent on the economic conditions in the aforementioned states, as well as specific situations affecting individual customers. Credit granted within the Company's trade areas has been granted to many customers, and management does not believe that a significant concentration of credit exists with respect to any individual customer or group of customers. No single customer accounted for more than 10% of the Company's total revenue in the three months ended April 2, 2016.

Earnings per Share—The Company computes basic earnings per share attributable to stockholders by dividing income attributable to Summit Inc. by the weighted-average shares of Class A common stock outstanding.

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Diluted earnings per share reflects the potential dilution beyond shares for basic earnings per share that could occur if securities or other contracts to issue common stock were exercised, converted into common stock, or resulted in the issuance of common stock that would have shared in the Company's earnings. Since the Class B common stock has no economic value, those shares are not included in the weighted-average common share amount for basic or diluted earnings per share. In addition, as the shares of Class A common stock are issued by Summit Inc., the earnings and equity interests of noncontrolling interests are not included in basic or diluted earnings per share.

Fair Value Measurements—Certain acquisitions made by the Company require the payment of contingent amounts of purchase consideration. These payments are contingent on specified operating results being achieved in periods subsequent to the acquisition and will only be made if earn-out thresholds are achieved. Contingent consideration obligations are measured at fair value each reporting period. Any adjustments to fair value are recognized in earnings in the period identified.

The Company has entered into interest rate derivatives on \$200.0 million of its term loan borrowings to add stability to interest expense and to manage its exposure to interest rate movements. The effective portion of changes in the fair value of derivatives designated and that qualify as cash flow hedges is recorded in accumulated other comprehensive loss and will be subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. The fair value of contingent consideration and derivatives as of April 2, 2016 and January 2, 2016 was:

| | April 2, 2016 | January 2, 2016 |
|--|------------------|--------------------|
| Current portion of acquisition-related liabilities and Accrued expenses: | | |
| Contingent consideration | \$ 5,057 | \$ 4,918 |
| Cash flow hedges | 457 | 224 |
| Acquisition-related liabilities and Other noncurrent liabilities | | |
| Contingent consideration | \$ 1,844 | \$ 2,475 |
| Cash flow hedges | 2,654 | 681 |

The fair value of contingent consideration was based on unobservable, or Level 3, inputs, including projected probability-weighted cash payments and an 11.0% discount rate, which reflects a market discount rate. Changes in fair value may occur as a result of a change in actual or projected cash payments, the probability weightings applied by the Company to projected payments or a change in the discount rate. Significant increases or decreases in any of these inputs in isolation could result in a lower, or higher, fair value measurement. The fair value of the cash flow hedges are based on observable, or Level 2, inputs such as interest rates, bond yields and prices in inactive markets. There were no material valuation adjustments in the three months ended April 2, 2016 or March 28, 2015.

Financial Instruments—The Company's financial instruments include debt and certain acquisition-related liabilities (deferred consideration and noncompete obligations). The carrying value and fair value of these financial instruments as of April 2, 2016 and January 2, 2016 was:

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| | April 2, 2016 | | January 2, 2016 | |
|---|---------------|----------------|-----------------|----------------|
| | Fair Value | Carrying Value | Fair Value | Carrying Value |
| Level 2 | | | | |
| Long-term debt(1) | \$ 1,517,706 | \$ 1,540,410 | \$ 1,283,799 | \$ 1,291,858 |
| Level 3 | | | | |
| Current portion of deferred consideration and noncompete obligations(2) | 12,740 | 12,740 | 15,666 | 15,666 |
| Long term portion of deferred consideration and noncompete obligations(3) | 30,331 | 30,331 | 37,502 | 37,502 |

(1) \$6.5 million included in current portion of debt as of April 2, 2016 and January 2, 2016. Capitalized loan costs of \$16.2 million and \$11.7 million are excluded, respectively.

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- (2) Included in current portion of acquisition-related liabilities on the balance sheet.
- (3) Included in acquisition-related liabilities on the balance sheet.

The fair value of debt was determined based on observable, or Level 2, inputs, such as interest rates, bond yields and quoted prices in inactive markets. The fair values of the deferred consideration and noncompete obligations were determined based on unobservable, or Level 3, inputs, including the cash payment terms in the purchase agreements and a discount rate reflecting the Company's credit risk.

Redeemable Noncontrolling Interest — On March 17, 2015, upon the consummation of the IPO and the transactions contemplated by a contribution and purchase agreement entered into with the holders of all of the outstanding Class B Units of Continental Cement, Continental Cement became a wholly-owned indirect subsidiary of Summit Inc. The noncontrolling interests of Continental Cement were acquired for aggregate consideration of \$64.1 million, consisting of \$35.0 million of cash, 1,029,183 shares of Summit Inc.'s Class A common stock and \$15.0 million aggregate principal amount of non-interest bearing notes payable in six annual installments of \$2.5 million, beginning on March 17, 2016.

New Accounting Standards — In March 2016, the Financial Accounting Standards Board ("FASB") issued a new accounting standard with targeted amendments to the accounting for employee share-based payments. Accounting Standards Update ("ASU") 2016-09, Improvements to Employee Share-Based Payment Accounting, requires that the income tax effect of share-based awards be recognized in the income statement and allows entities to elect an accounting method to recognize forfeitures as they occur or to estimate forfeitures, as is currently required. The ASU is effective for public entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2016 and interim periods within those years. However, the Company early adopted this ASU as of the beginning of fiscal year 2016 and made an election to recognize forfeitures as they occur. The ASU adoption was applied using a modified retrospective method by means of a \$1.7 million cumulative-effect adjustment to equity as of the beginning of the fiscal year.

In February 2016, the FASB issued new accounting guidance to the standard of lease accounting, ASU No. 2016-02, Leases, which will result in lessees recognizing most leases on-balance sheet. Lessees are required to disclose more quantitative and qualitative information about their leases than current U.S. GAAP requires. They are also required to apply the new guidance at the beginning of the earliest period presented in the financial statements when they first apply the new standard. The new standard must be adopted by December 15, 2018. Early adoption is permitted. Management is currently assessing the effect that the adoption of this ASU will have on the consolidated financial statements.

In May 2014, the FASB issued a new accounting standard to improve and converge the financial reporting requirements for revenue from contracts with customers. ASU No. 2014-09, Revenue from Contracts with Customers, prescribes a five-step model for revenue recognition that will replace most existing revenue recognition guidance in U.S. GAAP. The ASU will supersede nearly all existing revenue recognition guidance under U.S. GAAP and provides that an entity recognize revenue when it transfers promised goods or services to customers in an amount that reflects

the consideration to which the entity expects to be entitled in exchange for those goods or services. This update also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments, and assets recognized from costs incurred to obtain or fulfill a contract. ASU No. 2014-09 allows for either full retrospective or modified retrospective adoption. In July 2015, the FASB postponed the effective date of the new revenue standard by one year to the first quarter of 2018. Early adoption is permitted, but no earlier than 2017. Management is currently assessing the effect that the adoption of this standard will have on the consolidated financial statements.

Reclassifications — Certain amounts in the prior year have been reclassified to conform to the current period's presentation.

2.REORGANIZATION

Prior to the IPO and Reorganization, the capital structure of Summit Holdings consisted of six different classes of limited partnership interests (Class A-1, Class A-2, Class B-1, Class C, Class D-1 and Class D-2), each of which

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was subject to unique distribution rights. There were no outstanding Class A-2 interests. In connection with the IPO and the Reorganization, the limited partnership agreement of Summit Holdings was amended and restated to, among other things, modify its capital structure by creating the LP Units, referred to as the “Reclassification.” Immediately following the Reclassification, 69,007,297 LP Units were outstanding. In addition, in substitution for part of the economic benefit of the Class C and Class D interests that was not reflected in the conversion of such interests to LP Units, warrants were issued to holders of Class C interests to purchase an aggregate of 160,333 shares of Class A common stock, and options were issued to holders of Class D interests to purchase an aggregate of 4,358,842 shares of Class A common stock (“leverage restoration options”). The exercise price of the warrants and leverage restoration options is the IPO price of \$18.00 per share. In conjunction with the Reclassification of the equity-based awards, the Company recognized a \$14.5 million modification charge in general and administrative costs in the three months ended March 28, 2015.

The leverage restoration options were granted under the Summit Materials, Inc. 2015 Omnibus Incentive Plan (the “Omnibus Incentive Plan”). The leverage restoration options that correlate to time-vesting interests vest over four years, beginning on the Reclassification date and the leverage restoration options that correlate to performance-vesting interests vest only when both the relevant return multiple is achieved and a four year time-vesting condition is satisfied. The time-based vesting condition for both the time-vesting and performance-vesting interests will be satisfied with respect to 25% of the performance-vesting options on each of the first four anniversaries of the Reclassification date, subject to the employee’s continued employment through the applicable vesting date.

The Company also granted 240,000 options to purchase shares of Class A common stock under the Omnibus Incentive Plan to certain employees some of whom had not previously been granted equity-based interests. These stock options have an exercise price of \$18.00 per share, the IPO price, and are subject to a time-based vesting condition that will be satisfied with respect to 25% of the award on each of the first four anniversaries of the grant date, subject to the employee’s continued employment through the applicable vesting date.

3. INTANGIBLE ASSETS

The Company’s intangible assets are primarily composed of goodwill, lease agreements and reserve rights. The assets related to lease agreements reflect the submarket royalty rates paid under agreements, primarily, for extracting aggregates. The values were determined as of the respective acquisition dates by a comparison of market-royalty rates. The reserve rights relate to aggregate reserves to which the Company has the rights of ownership, but do not own the reserves. The intangible assets are amortized on a straight-line basis over the lives of the leases.

Changes in the carrying amount of goodwill, by reportable segment, from January 2, 2016 to April 2, 2016 are summarized as follows:

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| | West | East | Cement | Total |
|---|-------------|-------------|------------|-------------|
| Balance, January 2, 2016 | \$ 303,926 | \$ 98,308 | \$ 194,163 | \$ 596,397 |
| Acquisitions(1) | 1,724 | 134,774 | — | 136,498 |
| Foreign currency translation adjustments | 2,851 | — | — | 2,851 |
| Balance, April 2, 2016 | \$ 308,501 | \$ 233,082 | \$ 194,163 | \$ 735,746 |
| Accumulated impairment losses as of April 2, 2016 and January 2, 2016 | \$ (53,264) | \$ (14,938) | \$ — | \$ (68,202) |

(1) Includes goodwill from the East segment's acquisitions of Boxley Materials Company ("Boxley") and American Materials Company ("AMC") in the three months ended April 2, 2016. Boxley is a vertically-integrated materials-based company serving Roanoke, Virginia and surrounding areas. AMC is an aggregates and ready-mixed concrete business serving the Carolinas. The purchase price allocation for the 2015 and 2016 acquisitions, primarily related to the valuation of property, plant and equipment, has not yet been finalized due to the recent timing of the acquisitions. Included in the West segment's goodwill are certain working capital adjustments related to 2015 acquisitions.

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The following table shows intangible assets by type and in total:

| | April 2, 2016 | | Net Carrying Amount | January 2, 2016 | | Net Carrying Amount |
|-------------------------|-----------------------------|-----------------------------|---------------------------|-----------------------------|-----------------------------|---------------------------|
| | Gross Carrying Amount | Accumulated Amortization | | Gross Carrying Amount | Accumulated Amortization | |
| Leases | \$ 10,357 | \$ (2,656) | \$ 7,701 | \$ 10,357 | \$ (2,531) | \$ 7,826 |
| Reserve rights | 8,786 | (2,555) | 6,231 | 8,636 | (2,078) | 6,558 |
| Trade names | 1,000 | (583) | 417 | 1,000 | (558) | 442 |
| Other | 249 | (77) | 172 | 249 | (70) | 179 |
| Total intangible assets | \$ 20,392 | \$ (5,871) | \$ 14,521 | \$ 20,242 | \$ (5,237) | \$ 15,005 |

Amortization expense in the three months ended April 2, 2016 and March 28, 2015 was \$0.4 million in each period. The estimated amortization expense for the intangible assets for each of the five years subsequent to April 2, 2016 is as follows:

| | |
|--------------------|-----------|
| 2016 (nine months) | \$ 1,690 |
| 2017 | 959 |
| 2018 | 959 |
| 2019 | 959 |
| 2020 | 901 |
| 2021 | 859 |
| Thereafter | 8,194 |
| Total | \$ 14,521 |

4.ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consisted of the following as of April 2, 2016 and January 2, 2016:

| | | |
|---------------------------|------------------|--------------------|
| | April 2, 2016 | January 2, 2016 |
| Trade accounts receivable | \$ 124,444 | \$ 133,418 |

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| | | |
|---------------------------------------|------------|------------|
| Retention receivables | 9,356 | 13,217 |
| Receivables from related parties | 704 | 635 |
| Accounts receivable | 134,504 | 147,270 |
| Less: Allowance for doubtful accounts | (1,991) | (1,726) |
| Accounts receivable, net | \$ 132,513 | \$ 145,544 |

Retention receivables are amounts earned by the Company but held by customers until paving and related service contracts and projects are near completion or fully completed. Amounts are generally expected to be billed and collected within one year.

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5. INVENTORIES

Inventories consisted of the following as of April 2, 2016 and January 2, 2016:

| | April 2, 2016 | January 2, 2016 |
|----------------------|------------------|--------------------|
| Aggregate stockpiles | \$ 102,167 | \$ 86,236 |
| Finished goods | 46,751 | 14,840 |
| Work in process | 5,667 | 5,141 |
| Raw materials | 17,406 | 23,865 |
| Total | \$ 171,991 | \$ 130,082 |

6. ACCRUED EXPENSES

Accrued expenses consisted of the following as of April 2, 2016 and January 2, 2016:

| | April 2, 2016 | January 2, 2016 |
|---------------------------|------------------|--------------------|
| Interest | \$ 10,318 | \$ 19,591 |
| Payroll and benefits | 17,606 | 24,714 |
| Capital lease obligations | 12,509 | 15,263 |
| Insurance | 9,163 | 9,824 |
| Non-income taxes | 6,017 | 4,618 |
| Professional fees | 2,391 | 2,528 |
| Other(1) | 20,959 | 16,404 |
| Total | \$ 78,963 | \$ 92,942 |

(1) Consists primarily of subcontractor and working capital settlement accruals.

7. DEBT

Debt consisted of the following as of April 2, 2016 and January 2, 2016:

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| | April 2, 2016 | January 2, 2016 |
|--|------------------|--------------------|
| Term Loan, due 2022: | | |
| \$645.1 million term loan, net of \$2.9 million discount at April 2, 2016 and | | |
| \$646.8 million term loan, net of \$3.1 million discount at January 2, 2016 | \$ 642,185 | \$ 643,693 |
| 8½% Senior Notes, due 2022 | 250,000 | — |
| 6½% Senior Notes, due 2023: | | |
| \$650 million senior notes, net of \$1.8 million discount at April 2, 2016 and | | |
| January 2, 2016 | 648,225 | 648,165 |
| Total | 1,540,410 | 1,291,858 |
| Current portion of long-term debt | 6,500 | 6,500 |
| Long-term debt | \$ 1,533,910 | \$ 1,285,358 |

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The contractual payments of long-term debt, including current maturities, for the five years subsequent to April 2, 2016, are as follows:

| | |
|-----------------------------------|--------------|
| 2016 (nine months) | \$ 4,875 |
| 2017 | 6,500 |
| 2018 | 4,875 |
| 2019 | 6,500 |
| 2020 | 8,125 |
| 2021 | 6,500 |
| Thereafter | 1,507,750 |
| Total | 1,545,125 |
| Less: Original issue net discount | (4,715) |
| Less: Capitalized loan costs | (16,230) |
| Total debt | \$ 1,524,180 |

Senior Notes— On March 8, 2016, the Issuers issued \$250.0 million of 8.500% senior notes due April 15, 2022 (the “2022 Notes”). The 2022 Notes were issued at 100.0% of their par value with proceeds of \$246.3 million, net of related fees and expenses. The proceeds from the sale of the 2022 Notes were used to fund the acquisition of Boxley, replenish cash used for the acquisition of AMC and the expenses incurred in connection with these acquisitions. The 2022 Notes were issued under an indenture dated March 8, 2016 (as amended and supplemented, the “2016 Indenture”). The 2016 Indenture contains covenants limiting, among other things, Summit LLC and its restricted subsidiaries’ ability to incur additional indebtedness or issue certain preferred shares, pay dividends, redeem stock or make other distributions, make certain investments, sell or transfer certain assets, create liens, consolidate, merger, sell or otherwise dispose of all or substantially all of the company’s assets, enter into certain transactions with affiliates, and designate subsidiaries as unrestricted subsidiaries. The 2016 Indenture also contains customary events of default. Interest on the 2022 Notes is payable semi-annually on April 15 and October 15 of each year commencing on October 15, 2016.

In 2015, the Issuers issued \$650.0 million of 6.125% senior notes due July 2023 (the “2023 Notes”). The net proceeds from the 2023 Notes, with proceeds from the refinancing of the term loan described below, were used to pay the \$370.0 million initial purchase price for the Davenport Assets, to redeem \$183.0 million plus \$153.8 million in aggregate principal amount of the then outstanding 2020 Notes and pay related fees and expenses. Of the aggregate \$650.0 million of 2023 Notes in 2015, \$350.0 million were issued at par and \$300.0 million were issued at 99.375% of par. The 2023 Notes were issued under an indenture dated July 8, 2015 (as amended and supplemented, the “2015 Indenture”), the terms of which are generally consistent with the 2016 Indenture. Interest on the 2023 Notes is payable semi-annually in arrears on January 15 and July 15 of each year commencing on January 15, 2016.

In April, August and November 2015, using proceeds from the IPO, the refinancing of the term loan described below and the proceeds from the 2023 Notes, \$288.2 million, \$183.0 million and \$153.8 million, respectively, aggregate principal amount of the outstanding 2020 Notes were redeemed at a price equal to par plus an applicable premium and the indenture under which the 2020 Notes were issued was satisfied and discharged. As a result of the redemptions,

net charges of \$56.5 million were recognized in the year ended January 2, 2016. The fees included \$66.6 million for the applicable prepayment premium and \$11.9 million for the write-off of deferred financing fees, partially offset by \$22.0 million of net benefit from the write-off the original issuance net premium in the year ended January 2, 2016. There were no related charges recognized for the three months ended March 28, 2015, as the first redemption was in April 2015.

As of April 2, 2016 and January 2, 2016, the Company was in compliance with all covenants under the indentures that were applicable as of each date.

Senior Secured Credit Facilities— Summit LLC has credit facilities that provide for term loans in an aggregate amount of \$650.0 million and revolving credit commitments in an aggregate amount of \$235.0 million (the “Senior Secured Credit Facilities”). Under the Senior Secured Credit Facilities, required principal repayments of 0.25% of term debt are due on the last business day of each March, June, September and December. The unpaid principal balance is due in full on the maturity date, which is July 17, 2022. On July 17, 2015, Summit LLC refinanced its term loan under the Senior Secured Credit Facilities (the “Refinancing”). The Refinancing, among other things: (i) reduced the applicable margins used to calculate interest rates for term loans under the Senior Secured Credit Facilities to 3.25% for LIBOR rate loans and 2.25% for base rate loans, subject to a LIBOR floor

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of 1.00% (and one 25 basis point step down upon Summit LLC achieving a certain first lien net leverage ratio); (ii) increased term loans borrowed under the term loan facility from \$422.0 million to an aggregate \$650.0 million; and (iii) created additional flexibility under the financial maintenance covenants, which are tested quarterly, by increasing the applicable maximum Consolidated First Lien Net Leverage Ratio (as defined in the credit agreement governing the Senior Secured Credit Facilities, the "Credit Agreement").

On March 11, 2015, Summit LLC entered into Amendment No. 3 to the Credit Agreement, which became effective on March 17, 2015 upon the consummation of the IPO. The amendment: (i) increased the size of the revolving credit facility from \$150.0 million to \$235.0 million; (ii) extended the maturity date of the revolving credit facility to March 11, 2020; (iii) amended certain covenants; and (iv) permits periodic tax distributions as contemplated in a tax receivable agreement, dated March 11, 2015. As a result of this amendment, \$0.8 million of financing fees were recognized in the three months ended March 28, 2015.

The revolving credit facility bears interest per annum equal to, at Summit LLC's option, either (i) a base rate determined by reference to the highest of (a) the federal funds rate plus 0.50%, (b) the prime rate of Bank of America, N.A. and (c) LIBOR plus 1.00%, plus an applicable margin of 2.25% for base rate loans or (ii) a LIBOR rate determined by reference to Reuters prior to the interest period relevant to such borrowing adjusted for certain additional costs plus an applicable margin of 3.25% for LIBOR rate loans.

There were no outstanding borrowings under the revolving credit facility as of April 2, 2016, leaving remaining borrowing capacity of \$210.6 million, which is net of \$24.4 million of outstanding letters of credit. The outstanding letters of credit are renewed annually and support required bonding on construction projects and the Company's insurance liabilities.

Summit LLC's Consolidated First Lien Net Leverage Ratio, as such term is defined in the Senior Secured Credit Facilities, should be no greater than 4.75:1.0 as of each quarter-end. As of April 2, 2016 and January 2, 2016, Summit LLC was in compliance with all covenants.

Summit LLC's wholly-owned domestic subsidiary companies, subject to certain exclusions and exceptions, are named as subsidiary guarantors of the Senior Notes and the Senior Secured Credit Facilities. In addition, Summit LLC has pledged substantially all of its assets as collateral, subject to certain exclusions and exceptions, for the Senior Secured Credit Facilities.

Interest expense related to debt totaled \$18.3 million and \$22.0 million in the three months ended April 2, 2016 and March 28, 2015, respectively.

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The following table presents the activity for the deferred financing fees for the three months ended April 2, 2016 and March 28, 2015:

| | Deferred financing fees |
|--------------------------------------|-------------------------|
| Balance—January 2, 2016 | \$ 15,892 |
| Loan origination fees | 5,001 |
| Amortization | (729) |
| Balance—April 2, 2016 | \$ 20,164 |
| | |
| Balance—December 27, 2014 | \$ 17,215 |
| Loan origination fees | 4,048 |
| Amortization | (982) |
| Write off of deferred financing fees | (688) |
| Balance—March 28, 2015 | \$ 19,593 |

Other—On January 15, 2015, the Company’s wholly-owned subsidiary in British Columbia, Canada entered into an agreement with HSBC for a (i) \$6.0 million Canadian dollar (“CAD”) revolving credit commitment to be used for operating activities that bears interest per annum equal to the bank’s prime rate plus 0.20%, (ii) \$0.5 million CAD revolving credit commitment to be used for capital equipment that bears interest per annum at the bank’s

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prime rate plus 0.90% and (iii) \$0.4 million CAD revolving credit commitment to provide guarantees on behalf of that subsidiary. There were no amounts outstanding under this agreement as of April 2, 2016 or January 2, 2016.

8.ACCUMULATED OTHER COMPREHENSIVE LOSS

The changes in each component of accumulated other comprehensive loss consisted of the following:

| | Change in retirement plans | Foreign currency translation adjustments | Cash flow hedge adjustments | Accumulated other comprehensive loss |
|--|-------------------------------|--|--------------------------------|---|
| Balance — January 2, 2016 | \$ 1,049 | \$ (3,379) | \$ (465) | \$ (2,795) |
| Foreign currency translation adjustment | — | 2,309 | — | 2,309 |
| Loss on cash flow hedges | — | — | (1,111) | (1,111) |
| Balance — April 2, 2016 | \$ 1,049 | \$ (1,070) | \$ (1,576) | \$ (1,597) |

9.INCOME TAXES

Summit Inc.'s tax provision includes its proportional share of Summit Holdings' tax attributes. Summit Holdings' subsidiaries are primarily limited liability companies, but do include certain entities organized as C corporations and a Canadian subsidiary. The tax attributes related to the limited liability companies are passed on to Summit Holdings and then to its partners, including Summit Inc. The tax attributes associated with the C corporation and Canadian subsidiaries are fully reflected in the Company's accounts.

The effective income tax rate for the C corporations differ from the statutory federal rate primarily due to (1) tax depletion expense in excess of the expense recorded under U.S. GAAP, (2) state income taxes and the effect of graduated tax rates and (3) various other items such as limitations on meals and entertainment and other costs. The effective income tax rate for the Canadian subsidiary is not significantly different from its historical effective tax rate.

As of April 2, 2016, and January 2, 2016, Summit Inc. and its subsidiaries had not recognized any liabilities for uncertain tax positions. The Company records interest and penalties as a component of the income tax provision. No material interest or penalties were recognized in income tax expense during the three months ended April 2, 2016, or March 28, 2015.

10. NET LOSS PER SHARE

Basic loss per share is computed by dividing net loss by the weighted average common shares outstanding and diluted net loss is computed by dividing net loss, adjusted for changes in the amount allocated to Summit Inc. as a result of the assumed conversion of LP Units, by the weighted-average common shares outstanding assuming dilution.

The following table shows the calculation of basic loss per share:

| | Three months ended | |
|---|--------------------|-------------------|
| | April 2, 2016 | March 28, 2015 |
| Net loss attributable to Summit Inc. | \$ (21,118) | \$ (10,151) |
| Weighted average shares of Class A shares outstanding | 49,746,971 | 27,319,846 |
| Basic loss per share | \$ (0.42) | \$ (0.37) |

Excluded from the above calculation for the three months ended April 2, 2016 and March 28, 2015 were 50,261,471 and 69,007,297 LP Units, respectively, and 336,657 time-vesting restricted stock units and 130,691

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market-based restricted stock units were excluded from the above calculation for the three months ended April 2, 2016 as they had no effect on loss per share. Also excluded from the calculation were 2,767,458 and 2,280,314 time-vesting stock options in the three months ended April 2, 2016 and March 28, 2015, respectively, as they were antidilutive. In addition, 160,333 warrants were excluded from the above calculation in the three months ended April 2, 2016 and March 28, 2015 as they were antidilutive.

11. COMMITMENTS AND CONTINGENCIES

The Company is party to certain legal actions arising from the ordinary course of business activities. Accruals are recorded when the outcome is probable and can be reasonably estimated. While the ultimate results of claims and litigation cannot be predicted with certainty, management expects that the ultimate resolution of all pending or threatened claims and litigation will not have a material effect on the Company's consolidated results of operations, financial position or liquidity. The Company records legal fees as incurred.

Litigation and Claims—The Company is obligated under an indemnification agreement entered into with the sellers of Harper Contracting, Inc., Harper Sand and Gravel, Inc., Harper Excavating, Inc., Harper Ready Mix Company, Inc. and Harper Investments, Inc. for the sellers' ownership interests in a joint venture agreement. The Company has the rights to any benefits under the joint venture as well as the assumption of any obligations, but does not own equity interests in the joint venture. The joint venture has incurred significant losses on a highway project in Utah, which have resulted in requests for funding from the joint venture partners and ultimately from the Company. Through April 2, 2016, the Company has funded \$8.8 million, \$4.0 million in 2012 and \$4.8 million in 2011. In 2012 and 2011, the Company recognized losses on the indemnification agreement of \$8.0 million and \$1.9 million, respectively. As of April 2, 2016 and January 2, 2016, an accrual of \$4.3 million was recorded in other noncurrent liabilities as management's best estimate of future funding obligations.

Environmental Remediation and Site Restoration —The Company's operations are subject to and affected by federal, state, provincial and local laws and regulations relating to the environment, health and safety and other regulatory matters. These operations require environmental operating permits, which are subject to modification, renewal and revocation. The Company regularly monitors and reviews its operations, procedures and policies for compliance with these laws and regulations. Despite these compliance efforts, risk of environmental liability is inherent in the operation of the Company's business, as it is with other companies engaged in similar businesses and there can be no assurance that environmental liabilities or noncompliance will not have a material adverse effect on the Company's consolidated financial condition, results of operations or liquidity.

The Company has site restoration obligations arising from regulatory and contractual requirements to perform reclamation activities at the time certain quarries and landfills are closed. As of April 2, 2016 and January 2, 2016, \$19.1 million and \$18.7 million, respectively, were included in other noncurrent liabilities on the consolidated balance sheets and \$2.1 million and \$2.0 million were included in accrued expenses for future reclamation costs. The total undiscounted anticipated costs for site reclamation as of April 2, 2016 and January 2, 2016 were \$63.2 million and

\$56.7 million, respectively.

Other—During the ordinary course of business, there may be revisions to project costs and conditions that can give rise to change orders. Revisions can also result in claims that the Company may make against the customer or a subcontractor to recover project variances that have not been satisfactorily addressed through change orders with the customer. As of April 2, 2016, there were no unapproved change orders or claims and, as of January 2, 2016, unapproved change orders and claims included in accounts receivable totaled \$1.2 million.

The Company is obligated under various firm purchase commitments for certain raw materials and services that are in the ordinary course of business. Management does not expect any significant changes in the market value of these goods and services during the commitment period that would have a material adverse effect on the financial condition, results of operations, and cash flows of the Company. The terms of the purchase commitments generally approximate one year.

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12. SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental cash flow information is as follows:

| | Three months ended | |
|---|--------------------|-------------------|
| | April 2, 2016 | March 28, 2015 |
| Cash payments: | | |
| Interest | \$ 28,129 | \$ 39,165 |
| Income taxes | 269 | 453 |
| Non cash financing activities: | | |
| Purchase of noncontrolling interest in Continental Cement | \$ — | \$ (29,102) |

13. SEGMENT INFORMATION

The Company has three operating segments: West; East; and Cement, which are its reportable segments. These segments are consistent with the Company's management reporting structure. In the fourth quarter of 2015, the Company reorganized the operations and management reporting structure of the Cement and East segment operations, resulting in a change to its reportable business segments. The Company now conducts the cement business separate from the regional segments. As a result, the cement business is a reportable business segment. In addition, we have combined the materials-based businesses centered in Kansas and Missouri with the Kentucky-based operations, creating an expanded East segment and eliminating what was the Central region. These changes did not affect the West segment. Amounts in prior periods have been revised to reflect the current reporting structure.

The operating results of each segment are regularly reviewed and evaluated by the Chief Executive Officer, the Company's Chief Operating Decision Maker ("CODM"). The CODM primarily evaluates the performance of its segments and allocates resources to them based on a segment profit metric that we call Adjusted EBITDA, which is computed as earnings from continuing operations before interest, taxes, depreciation, depletion, amortization, accretion, share-based compensation, and transaction costs, as well as various other non-recurring, non-cash amounts.

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The West and East segments have several acquired subsidiaries that are engaged in various activities including quarry mining, aggregate production and contracting. The Cement segment is engaged in the production of Portland cement. Assets employed by segment include assets directly identified with those operations. Corporate assets consist primarily of cash, property, plant and equipment for corporate operations and other assets not directly identifiable with a reportable business segment. The accounting policies applicable to each segment are consistent with those used in the consolidated financial statements.

The following tables display selected financial data for the Company's reportable business segments as of April 2, 2016 and January 2, 2016, and for the three months ended April 2, 2016 and March 28, 2015:

| | Three months ended | |
|---------------|--------------------|-------------------|
| | April 2, 2016 | March 28, 2015 |
| Revenue: | | |
| West | \$ 123,717 | \$ 127,674 |
| East | 70,674 | 52,536 |
| Cement | 33,988 | 13,777 |
| Total revenue | \$ 228,379 | \$ 193,987 |

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Three
months
ended