

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

**FORM 10-Q**

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

For the quarterly period ended March 31, 2018

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 Number: 001-38000

**JELD-WEN Holding, Inc.**

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

93-1273278  
(I.R.S. Employer  
Identification No.)

2645 Silver Crescent Drive  
Charlotte, North Carolina 28273  
(Address of principal executive offices, zip code)  
(704) 378-5700  
(Registrant's telephone number, including area code)

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. 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). 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," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

|                         |                                                                        |                           |                          |
|-------------------------|------------------------------------------------------------------------|---------------------------|--------------------------|
| Large accelerated filer | <input checked="" type="checkbox"/>                                    | Accelerated filer         | <input type="checkbox"/> |
| Non-accelerated filer   | <input type="checkbox"/> (Do not check if a smaller reporting company) | Smaller reporting company | <input type="checkbox"/> |
|                         |                                                                        | Emerging growth company   | <input type="checkbox"/> |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The registrant had 106,434,091 shares of Common Stock, par value \$0.01 per share, issued and outstanding as of May 4, 2018 .

**JELD-WEN HOLDING, Inc.**  
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## Glossary of Terms

When the following terms and abbreviations appear in the text of this report, they have the meaning indicated below:

|                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2016 Dividend                            | Means (i) the borrowing of an additional \$375 million under our Term Loan Facility and (ii) the application of approximately \$35 million in cash and borrowings under our ABL Facility for the purpose of making payments of approximately \$400 million to holders of our outstanding common stock, Series A Convertible Preferred Stock, Class B-1 Common Stock, options, and Restricted Stock Units, or “RSUs”                                                                                                                                                                                                                                                                                                                                                                  |
| A&L                                      | A&L Windows Pty Ltd                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| ABL Facility                             | Our \$300 million asset-based loan revolving credit facility, dated as of October 15, 2014 and as amended from time to time, with JWI (as hereinafter defined) and JELD-WEN of Canada, Ltd., as borrowers, the guarantors party thereto, a syndicate of lenders, and Wells Fargo Bank, N.A., as administrative agent                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| ABS                                      | American Building Supply, Inc.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Adjusted EBITDA                          | A supplemental non-GAAP financial measure of operating performance not based on any standardized methodology prescribed by GAAP that we define as net income (loss), as adjusted for the following items: income (loss) from discontinued operations, net of tax; gain (loss) on sale of discontinued operations, net of tax; equity earnings (loss) of non-consolidated entities; income tax benefit (expense); depreciation and amortization; interest expense, net; impairment and restructuring charges; gain (loss) on sale of property and equipment; share-based compensation expense; non-cash foreign exchange transaction/translation income (loss); other non-cash items; other items; and costs related to debt restructuring, debt refinancing, and the Onex Investment |
| ASC                                      | Accounting Standards Codification                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| ASU                                      | Accounting Standards Update                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| AUD                                      | Australian Dollar                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Australia Senior Secured Credit Facility | Our senior secured credit facility, dated as of October 6, 2015 and as amended from time to time, with certain of our Australian subsidiaries, as borrowers, and Australia and New Zealand Banking Group Limited, as lender                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| BBSY                                     | Bank Bill Swap Bid Rate                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Breezway                                 | Breezway Australia Pty. Ltd.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Bylaws                                   | Amended and Restated Bylaws of JELD-WEN Holding, Inc.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| CAP                                      | Cleanup Action Plan                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Charter                                  | Restated Certificate of Incorporation of JELD-WEN Holding, Inc.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Class B-1 Common Stock                   | Shares of our Class B-1 common stock, par value \$0.01 per share, all of which were converted into shares of our Common Stock on February 1, 2017                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| CMI                                      | CraftMaster Manufacturing Inc.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| COA                                      | Consent Order and Agreement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| CODM                                     | Chief Operating Decision Maker                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Common Stock                             | The 900,000,000 shares of common stock, par value \$0.01 per share, authorized under our Charter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Corporate Credit Facilities              | Collectively, our ABL Facility and our Term Loan Facility                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Credit Facilities                        | Collectively, our Corporate Credit Facilities, our Australia Senior Secured Credit Facility, and our Euro Revolving Facility as well as other acquired term loans and revolving credit facilities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| DKK                                      | Danish Krone                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Domoferm                                 | The Domoferm Group of companies                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Dooria                                   | Dooria AS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| EPA                                      | The U.S. Environmental Protection Agency                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| ERP                                      | Enterprise Resource Planning                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| ESOP                                     | JELD-WEN, Inc. Employee Stock Ownership and Retirement Plan                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Euro Revolving Facility                  | Our €39 million revolving credit facility, dated as of January 30, 2015 and as amended from time to time, with JELD-WEN ApS, as borrower, Danske Bank A/S and Nordea Bank Danmark A/S as lenders                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Exchange Act                             | Securities Exchange Act of 1934, as amended                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| FASB                                     | Financial Accounting Standards Board                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |

|                                      |                                                                                                                                                                                                                                                                                                                                                                         |
|--------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Form 10-K                            | Annual Report on Form 10-K for the fiscal year ended December 31, 2017                                                                                                                                                                                                                                                                                                  |
| GAAP                                 | Generally Accepted Accounting Principles in the United States                                                                                                                                                                                                                                                                                                           |
| IBOR                                 | Interbank Offered Rate                                                                                                                                                                                                                                                                                                                                                  |
| IPO                                  | The initial public offering of our shares, as further described in this Form 10-Q                                                                                                                                                                                                                                                                                       |
| JELD-WEN                             | JELD-WEN Holding, Inc. , together with its consolidated subsidiaries where the context requires                                                                                                                                                                                                                                                                         |
| JEM                                  | JELD-WEN Excellence Model                                                                                                                                                                                                                                                                                                                                               |
| JWA                                  | JELD-WEN of Australia Pty. Ltd.                                                                                                                                                                                                                                                                                                                                         |
| JWH                                  | JELD-WEN Holding, Inc., a Delaware corporation                                                                                                                                                                                                                                                                                                                          |
| JWI                                  | JELD-WEN, Inc., a Delaware corporation                                                                                                                                                                                                                                                                                                                                  |
| Kolder                               | Kolder Group                                                                                                                                                                                                                                                                                                                                                            |
| LIBOR                                | London Interbank Offered Rate                                                                                                                                                                                                                                                                                                                                           |
| Mattiovi                             | Mattiovi Oy                                                                                                                                                                                                                                                                                                                                                             |
| MMI Door                             | Milliken Millwork, Inc.                                                                                                                                                                                                                                                                                                                                                 |
| MD&A                                 | Management's Discussion and Analysis of Financial Condition and Results of Operations                                                                                                                                                                                                                                                                                   |
| NRD                                  | Natural Resource Damage Trustee Council                                                                                                                                                                                                                                                                                                                                 |
| NYSE                                 | New York Stock Exchange                                                                                                                                                                                                                                                                                                                                                 |
| Onex                                 | Onex Partners III LP and certain affiliates                                                                                                                                                                                                                                                                                                                             |
| PaDEP                                | Pennsylvania Department of Environmental Protection                                                                                                                                                                                                                                                                                                                     |
| Preferred Stock                      | 90,000,000 shares of Preferred Stock, par value \$0.01 per share, authorized under our Charter                                                                                                                                                                                                                                                                          |
| R&R                                  | Repair and remodel                                                                                                                                                                                                                                                                                                                                                      |
| RSU                                  | Restricted stock units                                                                                                                                                                                                                                                                                                                                                  |
| Sarbanes-Oxley                       | Sarbanes-Oxley Act of 2002, as amended                                                                                                                                                                                                                                                                                                                                  |
| SEC                                  | Securities and Exchange Commission                                                                                                                                                                                                                                                                                                                                      |
| Securities Act                       | Securities Act of 1933, as amended                                                                                                                                                                                                                                                                                                                                      |
| Senior Notes                         | \$800.0 million of unsecured notes issued in December 2017 in a private placement in two tranches: \$400.0 million bearing interest at 4.625% and maturing in December 2025 and \$400.0 million bearing interest at 4.875% and maturing in December 2027                                                                                                                |
| Series A Convertible Preferred Stock | Our Series A-1 Convertible Preferred Stock, par value \$0.01 per share, Series A-2 Convertible Preferred Stock, par value \$0.01 per share, Series A-3 Convertible Preferred Stock, par value \$0.01 per share, and Series A-4 Convertible Preferred Stock, par value \$0.01 per share, all of which were converted into shares of our common stock on February 1, 2017 |
| SG&A                                 | Selling, general, and administrative expenses                                                                                                                                                                                                                                                                                                                           |
| Tax Act                              | Tax Cuts and Jobs Creation Act                                                                                                                                                                                                                                                                                                                                          |
| Term Loan Facility                   | Our term loan facility, dated as of October 15, 2014, as amended from time to time with JWI, as borrower, the guarantors party thereto, a syndicate of lenders, and Bank of America, N.A., as administrative agent                                                                                                                                                      |
| Trend                                | Trend Windows & Doors Pty. Ltd.                                                                                                                                                                                                                                                                                                                                         |
| U.S.                                 | United States of America                                                                                                                                                                                                                                                                                                                                                |
| WADOE                                | Washington State Department of Ecology                                                                                                                                                                                                                                                                                                                                  |

## CERTAIN TRADEMARKS, TRADE NAMES AND SERVICE MARKS

This Form 10-Q includes trademarks, trade names, and service marks owned by us. Our U.S. window and door trademarks include JELD-WEN<sup>®</sup>, AuraLast<sup>®</sup>, MiraTEC<sup>®</sup>, Extira<sup>®</sup>, LaCANTINA<sup>™</sup>, MMI Door<sup>™</sup>, Karona<sup>™</sup>, ImpactGard<sup>®</sup>, JW<sup>®</sup>, Aurora<sup>®</sup>, IWP<sup>®</sup>, and True BLU<sup>™</sup>. Our trademarks are either registered or have been used as common law trademarks by us. The trademarks we use outside the U.S. include the Stegbar<sup>®</sup>, Regency<sup>®</sup>, William Russell Doors<sup>®</sup>, Airlite<sup>®</sup>, Trend<sup>®</sup>, The Perfect Fit<sup>™</sup>, Aneeta<sup>®</sup>, Breezway<sup>®</sup>, Kolder<sup>™</sup> and Corinthian<sup>®</sup> marks in Australia, and Swedoor<sup>®</sup>, Dooria<sup>®</sup>, DANA<sup>®</sup>, Mattiovi<sup>™</sup>, Alupan<sup>®</sup> and Domoferm<sup>®</sup> in Europe. ENERGY STAR<sup>®</sup> is a registered trademark of the U.S. Environmental Protection Agency. This Form 10-Q contains additional trademarks, trade names, and service marks of others, which are, to our knowledge, the property of their respective owners. Solely for convenience, trademarks, trade names, and service marks referred to in this Form 10-Q appear without the<sup>®</sup>, <sup>™</sup> or <sup>SM</sup> symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the right of the applicable licensor to these trademarks, trade names, and service marks. We do not intend our use of other parties' trademarks, trade names, or service marks to imply, and such use or display should not be construed to imply, a relationship with, or endorsement or sponsorship of us by, these other parties.

**PART I - FINANCIAL INFORMATION**  
**Item 1 - Financial Statements**

**JELD-WEN HOLDING, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(unaudited)**

|                                                                | Three Months Ended |                  |
|----------------------------------------------------------------|--------------------|------------------|
|                                                                | March 31,<br>2018  | April 1,<br>2017 |
| <b>(amounts in thousands, except share and per share data)</b> |                    |                  |
| Net revenues                                                   | \$ 946,179         | \$ 847,853       |
| Cost of sales                                                  | 740,326            | 666,166          |
| Gross margin                                                   | 205,853            | 181,687          |
| Selling, general and administrative                            | 164,714            | 139,664          |
| Impairment and restructuring charges                           | 2,974              | 1,202            |
| Operating income                                               | 38,165             | 40,821           |
| Interest expense, net                                          | 15,661             | 26,892           |
| Gain on previously held shares of an equity investment         | (20,767)           | —                |
| Other expense                                                  | 7,763              | 5,730            |
| Income before taxes, equity earnings                           | 35,508             | 8,199            |
| Income tax (benefit) expense                                   | (4,025)            | 2,252            |
| Income from continuing operations, net of tax                  | 39,533             | 5,947            |
| Equity earnings of non-consolidated entities                   | 738                | 481              |
| Net income                                                     | \$ 40,271          | \$ 6,428         |
| Less net income attributable to non-controlling interest       | 6                  | —                |
| Convertible preferred stock dividends                          | —                  | 10,462           |
| Net income (loss) attributable to common shareholders          | \$ 40,265          | \$ (4,034)       |
| Weighted average common shares outstanding                     |                    |                  |
| Basic                                                          | 106,146,655        | 74,295,248       |
| Diluted                                                        | 108,867,800        | 74,295,248       |
| Net income (loss) per share                                    |                    |                  |
| Basic                                                          | \$ 0.38            | \$ (0.05)        |
| Diluted                                                        | \$ 0.37            | \$ (0.05)        |

The accompanying notes are an integral part of these unaudited Consolidated Financial Statements.

**JELD-WEN HOLDING, INC.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**(unaudited)**

|                                                                                     | Three Months Ended |                  |
|-------------------------------------------------------------------------------------|--------------------|------------------|
|                                                                                     | March 31,<br>2018  | April 1,<br>2017 |
| <u>(amounts in thousands)</u>                                                       |                    |                  |
| Net income                                                                          | \$ 40,271          | \$ 6,428         |
| <b>Other comprehensive income, net of tax:</b>                                      |                    |                  |
| Foreign currency translation adjustments, net of tax of \$0                         | 19,514             | 17,602           |
| Interest rate hedge adjustments, net of tax expense of \$0, and \$962, respectively | 519                | 2,135            |
| Defined benefit pension plans, net of tax expense of \$996 and \$799, respectively  | 2,004              | 2,106            |
| Total other comprehensive income, net of tax                                        | 22,037             | 21,843           |
| Comprehensive income                                                                | <u>\$ 62,308</u>   | <u>\$ 28,271</u> |

The accompanying notes are an integral part of these unaudited Consolidated Financial Statements.

**JELD-WEN HOLDING, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
**(unaudited)**

| <u>(amounts in thousands, except share and per share data)</u>                                                                                                                                                                                  | <u>March 31,<br/>2018</u> | <u>December 31,<br/>2017</u> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|------------------------------|
| <b>ASSETS</b>                                                                                                                                                                                                                                   |                           |                              |
| Current assets                                                                                                                                                                                                                                  |                           |                              |
| Cash and cash equivalents                                                                                                                                                                                                                       | \$ 102,972                | \$ 220,175                   |
| Restricted cash                                                                                                                                                                                                                                 | 328                       | 36,059                       |
| Accounts receivable, net                                                                                                                                                                                                                        | 578,183                   | 453,251                      |
| Inventories                                                                                                                                                                                                                                     | 545,575                   | 405,353                      |
| Other current assets                                                                                                                                                                                                                            | 54,705                    | 30,403                       |
| Total current assets                                                                                                                                                                                                                            | 1,281,763                 | 1,145,241                    |
| Property and equipment, net                                                                                                                                                                                                                     | 812,955                   | 756,711                      |
| Deferred tax assets                                                                                                                                                                                                                             | 193,650                   | 183,726                      |
| Goodwill                                                                                                                                                                                                                                        | 617,504                   | 549,063                      |
| Intangible assets, net                                                                                                                                                                                                                          | 232,037                   | 166,313                      |
| Other assets                                                                                                                                                                                                                                    | 33,794                    | 61,886                       |
| Total assets                                                                                                                                                                                                                                    | <u>\$ 3,171,703</u>       | <u>\$ 2,862,940</u>          |
| <b>LIABILITIES AND EQUITY</b>                                                                                                                                                                                                                   |                           |                              |
| Current liabilities                                                                                                                                                                                                                             |                           |                              |
| Accounts payable                                                                                                                                                                                                                                | \$ 303,493                | \$ 259,934                   |
| Accrued payroll and benefits                                                                                                                                                                                                                    | 143,936                   | 122,212                      |
| Accrued expenses and other current liabilities                                                                                                                                                                                                  | 181,327                   | 186,605                      |
| Notes payable and current maturities of long-term debt                                                                                                                                                                                          | 25,298                    | 8,770                        |
| Total current liabilities                                                                                                                                                                                                                       | 654,054                   | 577,521                      |
| Long-term debt                                                                                                                                                                                                                                  | 1,445,810                 | 1,264,933                    |
| Unfunded pension liability                                                                                                                                                                                                                      | 116,416                   | 116,586                      |
| Deferred credits and other liabilities                                                                                                                                                                                                          | 87,016                    | 102,614                      |
| Deferred tax liabilities                                                                                                                                                                                                                        | 16,359                    | 9,249                        |
| Total liabilities                                                                                                                                                                                                                               | 2,319,655                 | 2,070,903                    |
| Commitments and contingencies (Note 23)                                                                                                                                                                                                         |                           |                              |
| <b>Shareholders' equity</b>                                                                                                                                                                                                                     |                           |                              |
| Preferred Stock, par value \$0.01 per share, 90,000,000 shares authorized; no shares issued and outstanding                                                                                                                                     | —                         | —                            |
| Common Stock: 900,000,000 shares authorized, par value \$0.01 per share, 106,220,558 shares outstanding as of March 31, 2018; 900,000,000 shares authorized, par value \$0.01 per share, 105,990,483 shares outstanding as of December 31, 2017 | 1,062                     | 1,060                        |
| Additional paid-in capital                                                                                                                                                                                                                      | 650,551                   | 652,666                      |
| Retained earnings                                                                                                                                                                                                                               | 273,923                   | 233,658                      |
| Accumulated other comprehensive loss                                                                                                                                                                                                            | (73,310)                  | (95,347)                     |
| Total shareholders' equity attributable to common shareholders                                                                                                                                                                                  | 852,226                   | 792,037                      |
| Non-controlling interest                                                                                                                                                                                                                        | (178)                     | —                            |
| Total shareholders' equity                                                                                                                                                                                                                      | 852,048                   | 792,037                      |
| Total liabilities and shareholders' equity                                                                                                                                                                                                      | <u>\$ 3,171,703</u>       | <u>\$ 2,862,940</u>          |

The accompanying notes are an integral part of these unaudited Consolidated Financial Statements.



**JELD-WEN HOLDING, INC.**  
**CONSOLIDATED STATEMENTS OF EQUITY**  
**(unaudited)**

| (amounts in thousands, except share and per share amounts)                   | March 31, 2018 |            | April 1, 2017 |            |
|------------------------------------------------------------------------------|----------------|------------|---------------|------------|
|                                                                              | Shares         | Amount     | Shares        | Amount     |
| <b>Preferred stock, \$0.01 par value per share</b>                           | —              | \$ —       | —             | \$ —       |
| <b>Common stock, \$0.01 par value per share</b>                              |                |            |               |            |
| <b>Common stock</b>                                                          |                |            |               |            |
| Balance as of January 1                                                      | 105,990,483    | \$ 1,060   | 17,894,393    | \$ 178     |
| Shares issued for exercise/vesting of share-based compensation awards        | 338,692        | 3          | 56,391        | 1          |
| Shares issued upon conversion of Class B-1 Common Stock                      | —              | —          | 309,404       | 3          |
| Shares issued upon conversion of convertible preferred stock to common stock | —              | —          | 64,211,172    | 642        |
| Shares surrendered for tax obligations for employee share-based transactions | (108,617)      | (1)        | —             | —          |
| Shares issued in initial public offering                                     | —              | —          | 22,272,727    | 223        |
| Balance at period end                                                        | 106,220,558    | 1,062      | 104,744,087   | 1,047      |
| <b>Class B-1 Common Stock</b>                                                |                |            |               |            |
| Balance as of January 1                                                      | —              | —          | 177,221       | 1          |
| Class B-1 Common stock converted to common                                   | —              | —          | (177,221)     | (1)        |
| Balance at period end                                                        | —              | —          | —             | —          |
| Balance at period end                                                        |                | \$ 1,062   |               | \$ 1,047   |
| <b>Additional paid-in capital</b>                                            |                |            |               |            |
| Balance as of January 1                                                      |                | \$ 653,327 |               | \$ 37,205  |
| Shares issued for exercise/vesting of share-based compensation awards        |                | 189        |               | 596        |
| Shares surrendered for tax obligations for employee share-based transactions |                | (4,119)    |               | —          |
| Conversion of convertible preferred stock                                    |                | —          |               | 150,901    |
| Initial public offering proceeds, net of underwriting fees and commissions   |                | —          |               | 480,306    |
| Costs associated with initial public offering                                |                | —          |               | (7,653)    |
| Amortization of share-based compensation                                     |                | 1,822      |               | 4,828      |
| Balance at period end                                                        |                | 651,219    |               | 666,183    |
| <b>Employee stock notes</b>                                                  |                |            |               |            |
| Balance as of January 1                                                      |                | (661)      |               | (843)      |
| Net issuances, payments and accrued interest on notes                        |                | (7)        |               | (6)        |
| Balance at period end                                                        |                | (668)      |               | (849)      |
| Balance at period end                                                        |                | \$ 650,551 |               | \$ 665,334 |
| <b>Retained earnings</b>                                                     |                |            |               |            |
| Balance as of January 1                                                      |                | \$ 233,658 |               | \$ 222,232 |
| Adoption of new accounting standard ASU 2016-09                              |                | —          |               | 635        |
| Net income                                                                   |                | 40,265     |               | 6,428      |
| Balance at period end                                                        |                | \$ 273,923 |               | \$ 229,295 |

The accompanying notes are an integral part of these unaudited Consolidated Financial Statements.

**JELD-WEN HOLDING, INC.**  
**CONSOLIDATED STATEMENTS OF EQUITY**  
(unaudited, continued)

|                                                       | March 31, 2018 |                    | April 1, 2017 |                     |
|-------------------------------------------------------|----------------|--------------------|---------------|---------------------|
|                                                       | Shares         | Amount             | Shares        | Amount              |
| <b>Accumulated other comprehensive (loss) income</b>  |                |                    |               |                     |
| <b>Foreign currency adjustments</b>                   |                |                    |               |                     |
| Balance as of January 1                               |                | \$ 21,985          |               | \$ (65,949)         |
| Change during period                                  |                | 19,514             |               | 17,602              |
| Balance at end of period                              |                | 41,499             |               | (48,347)            |
| <b>Unrealized (loss) gain on interest rate hedges</b> |                |                    |               |                     |
| Balance as of January 1                               |                | (8,810)            |               | (13,296)            |
| Change during period                                  |                | 519                |               | 2,135               |
| Balance at end of period                              |                | (8,291)            |               | (11,161)            |
| <b>Net actuarial pension (loss) gain</b>              |                |                    |               |                     |
| Balance as of January 1                               |                | (108,522)          |               | (117,937)           |
| Change during period                                  |                | 2,004              |               | 2,106               |
| Balance at end of period                              |                | (106,518)          |               | (115,831)           |
| Balance at period end                                 |                | <u>\$ (73,310)</u> |               | <u>\$ (175,339)</u> |
| <b>Non-controlling interest</b>                       |                |                    |               |                     |
| Balance as of January 1                               |                | \$ —               |               | \$ —                |
| Acquisition of non-controlling interest               |                | (184)              |               | —                   |
| Net Income                                            |                | 6                  |               | —                   |
| Balance at period end                                 |                | <u>\$ (178)</u>    |               | <u>\$ —</u>         |
| Total shareholders' equity at end of period           |                | <u>\$ 852,048</u>  |               | <u>\$ 720,337</u>   |

The accompanying notes are an integral part of these unaudited Consolidated Financial Statements.

**JELD-WEN HOLDING, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(unaudited)**

|                                                                                  | Three Months Ended |                  |
|----------------------------------------------------------------------------------|--------------------|------------------|
|                                                                                  | March 31,<br>2018  | April 1,<br>2017 |
| <b>(amounts in thousands)</b>                                                    |                    |                  |
| <b>OPERATING ACTIVITIES</b>                                                      |                    |                  |
| Net income                                                                       | \$ 40,271          | \$ 6,428         |
| Adjustments to reconcile net income to cash used in operating activities:        |                    |                  |
| Depreciation and amortization                                                    | 28,459             | 27,062           |
| Deferred income taxes                                                            | (8,880)            | (595)            |
| Loss on sale of business units, property and equipment                           | 243                | 138              |
| Adjustment to carrying value of assets                                           | 636                | —                |
| Equity earnings in non-consolidated entities                                     | (738)              | (481)            |
| Amortization of deferred financing costs                                         | 506                | 6,319            |
| Non-cash gain on previously held shares of an equity investment                  | (20,767)           | —                |
| Stock-based compensation                                                         | 1,951              | 5,444            |
| Other items, net                                                                 | 15,328             | (3,785)          |
| Net change in operating assets and liabilities, net of effect of acquisitions:   |                    |                  |
| Accounts receivable                                                              | (63,602)           | (27,260)         |
| Inventories                                                                      | (41,701)           | (27,409)         |
| Other assets                                                                     | (11,677)           | 1,691            |
| Accounts payable and accrued expenses                                            | (5,341)            | 3,203            |
| Net cash used in operating activities                                            | (65,312)           | (9,245)          |
| <b>INVESTING ACTIVITIES</b>                                                      |                    |                  |
| Purchases of property and equipment                                              | (26,565)           | (9,236)          |
| Proceeds from sale of business units, property and equipment                     | 1,130              | 360              |
| Purchase of intangible assets                                                    | (871)              | (566)            |
| Purchases of businesses, net of cash acquired                                    | (165,687)          | —                |
| Cash received in notes receivable                                                | 163                | 1,706            |
| Net cash used in investing activities                                            | (191,830)          | (7,736)          |
| <b>FINANCING ACTIVITIES</b>                                                      |                    |                  |
| Change in long-term debt                                                         | 111,710            | (382,064)        |
| Borrowings on notes payable                                                      | —                  | (45)             |
| Common stock issued for exercise of options                                      | 192                | 596              |
| Payments to tax authority for employee share-based compensation                  | (4,488)            | —                |
| Proceeds from the sale of common stock, net of underwriting fees and commissions | —                  | 480,306          |
| Payments associated with initial public offering                                 | —                  | (486)            |
| Net cash provided by financing activities                                        | 107,414            | 98,307           |
| Effect of foreign currency exchange rates on cash                                | (3,206)            | 1,710            |
| Net (decrease) increase in cash and cash equivalents                             | (152,934)          | 83,036           |
| Cash, cash equivalents and restricted cash, beginning                            | 256,234            | 103,452          |
| Cash, cash equivalents and restricted cash, ending                               | \$ 103,300         | \$ 186,488       |

The accompanying notes are an integral part of these unaudited Consolidated Financial Statements.

# JELD-WEN HOLDING, INC.

## NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

### Note 1. Description of Company and Summary of Significant Accounting Policies

**Nature of Business** – JELD-WEN Holding, Inc. (“JWH”), along with its subsidiaries, is a vertically integrated global manufacturer and distributor of windows and doors that derives substantially all of its revenues from the sale of its door and window products. Unless otherwise specified or the context otherwise requires, all references in these notes to “JELD-WEN”, “we”, “us”, “our”, or the “Company” are to JELD-WEN Holding, Inc. and its subsidiaries.

We have facilities located in the U.S., Canada, Europe, Australia, Asia, Mexico, and South America, and our products are marketed primarily under the JELD-WEN brand name in the U.S. and Canada and under JELD-WEN and a variety of acquired brand names in Europe, Australia and Asia.

Our revenues are affected by the level of new housing starts and remodeling activity in each of our markets. Our sales typically follow seasonal new construction and repair and remodeling industry patterns. The peak season for home construction and remodeling in many of our markets generally correspond with the second and third calendar quarters, and therefore, sales volume is typically higher during those quarters. Our first and fourth quarter sales volumes are generally lower due to reduced repair and remodeling activity and reduced activity in the building and construction industry as a result of colder and more inclement weather in certain of our geographic end markets.

**Basis of Presentation** – The statement of operations for the three months ended April 1, 2017 has been revised to reflect the correction of certain errors and other accumulated misstatements as described in our Form 10-K - Note 36 - *Revision of Prior Period Financial Statements*. The errors did not impact the subtotals for cash flows from operating activities, investing activities or financing activities for any of the periods affected. We do not believe the errors corrected were material to our previously issued financial statements and are summarized in the “Revision” column in the table below.

As a result of our retrospective application of ASU 2017-07, we reclassified certain amounts in our statement of operations for the three months ended April 1, 2017 as noted below. See *Recently Adopted Accounting Standards* section below for additional information.

In addition, to conform with current period presentation of revenues, we reclassified certain amounts in our statement of operations for the three months ended April 1, 2017. The reclassification was not material to our previously issued financial statements and is summarized in the “Reclassification” column in the table below.

| (amounts in thousands, except per share data) | Three Months Ended<br>April 1, 2017 |          |             |                     |            |
|-----------------------------------------------|-------------------------------------|----------|-------------|---------------------|------------|
|                                               | As Reported                         | Revision | ASU 2017-07 | Re-classification * | As Revised |
| <i>Consolidated Statement of Operations:</i>  |                                     |          |             |                     |            |
| Net revenues                                  | \$ 847,787                          | \$ —     | \$ —        | \$ 66               | \$ 847,853 |
| Cost of sales                                 | 661,816                             | 4,606    | —           | (256)               | 666,166    |
| Gross margin                                  | 185,971                             | (4,606)  | —           | 322                 | 181,687    |
| Selling, general and administrative           | 147,079                             | (4,606)  | (2,809)     | —                   | 139,664    |
| Operating income                              | 37,690                              | —        | 2,809       | 322                 | 40,821     |
| Other expense                                 | 2,599                               | —        | 2,809       | 322                 | 5,730      |

\* Note: reclassification relates entirely to revenue in our North America segment.

As a result of our early adoption of ASU No. 2016-15, restricted cash balances previously presented in other assets are now presented in beginning and ending cash and cash equivalents in the accompanying unaudited consolidated statements of cash flows. See *Recently Adopted Accounting Standards* section below for further detail. In addition, certain amounts within the notes accompanying these unaudited consolidated financial statements and balances in the accompanying unaudited consolidated statements of cash flows have been reclassified to conform with current period presentation.

All U.S. dollar and other currency amounts, except per share amounts, are presented in thousands unless otherwise noted.

**Ownership** – On October 3, 2011, Onex invested \$700.0 million in return for shares of our Series A Convertible Preferred Stock. Concurrent with the investment, Onex provided \$171.0 million in the form of a convertible bridge loan due in April 2013. In October 2012, Onex invested an additional \$49.8 million in return for additional shares of our Series A Convertible Preferred Stock to fund an acquisition. In April 2013, the \$71.6 million outstanding balance of the convertible bridge loan was converted into additional shares of our Series A Convertible Preferred Stock. In March 2014, Onex purchased \$65.8 million in common stock from another investor. As part of the IPO, Onex sold 6,477,273 shares of our common stock. In May 2017 and November 2017, Onex sold a total of 15,693,139 and 14,211,736 shares of our common stock, respectively, in secondary offerings. We did not receive any proceeds from the shares of common stock sold by Onex, in any offering. As of March 31, 2018, Onex owned approximately 30.9% of our outstanding shares.

**Stock Split** – On January 3, 2017, our shareholders approved amendments to our then-existing certificate of incorporation increasing the authorized number of shares and effecting an 11 -for-1 stock split of our then-outstanding common stock and Class B-1 Common Stock. Accordingly, all share and per share amounts for all periods presented in these unaudited consolidated financial statements and notes thereto have been adjusted to reflect this stock split.

**Stock Conversion and Initial Public Offering** – Prior to the IPO, we had the authority to issue up to 8,750,000 shares of preferred stock, par value of \$0.01, of which 8,749,999 shares were designated as Series A Convertible Preferred Stock and one share was designated as Series B Preferred Stock. Series A Convertible Preferred Stock consisted of 2,922,634 shares of Series A-1 Stock, 208,760 shares of Series A-2 Stock, 843,132 shares of Series A-3 Stock, and 4,775,473 shares of Series A-4 Stock.

On February 1, 2017, immediately prior to the closing of our IPO, the outstanding shares of our Series A Convertible Preferred Stock and all accumulated and unpaid dividends converted into 64,211,172 shares of our common stock, and all of the outstanding shares of our Class B-1 Common Stock converted into 309,404 shares of our common stock. In addition, the one outstanding share of our Series B Preferred Stock was canceled. We filed our Charter with the Secretary of State of the State of Delaware, and our Bylaws became effective, each as contemplated by the registration statement we filed as part of our IPO. The Charter, among other things, provided that our authorized capital stock consists of 900,000,000 shares of common stock, par value \$0.01 per share and 90,000,000 shares of preferred stock, par value \$0.01 per share.

On February 1, 2017, we closed our IPO and received \$472.4 million in proceeds, net of underwriting discounts, fees and commissions and \$7.9 million of offering expenses from the issuance of 22,272,727 shares of our common stock.

**Fiscal Year** – We operate on a fiscal calendar year, and each interim period is comprised of two 4 -week periods and one 5 -week period, with each week ending on a Saturday. Our fiscal year always begins on January 1 and ends on December 31. As a result, our first and fourth quarters may have more or fewer days included than a traditional 91 -day fiscal quarter.

**Use of Estimates** – The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the unaudited consolidated financial statements and related notes. Significant items that are subject to such estimates and assumptions include, but are not limited to, long-lived assets including goodwill and other intangible assets, employee benefit obligations, income tax uncertainties, contingent assets and liabilities, provisions for bad debt, inventory, warranty liabilities, legal claims, valuation of derivatives, environmental remediation and claims relating to self-insurance. Actual results could differ due to the uncertainty inherent in the nature of these estimates.

**Recently Adopted Accounting Standards** – In March 2018, the FASB issued ASU 2018-05, *Income Taxes (Topic 740), Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 118*. The ASU adds various SEC paragraphs pursuant to the issuance of the December 2017 SEC Staff Accounting Bulletin No. 118, *Income Tax Accounting Implications of the Tax Cuts and Jobs Act* (“SAB 118”), which was effective immediately. The SEC issued SAB 118 to address concerns about reporting entities’ ability to timely comply with the accounting requirements to recognize all of the effects of the Tax Act in the period of enactment. SAB 118 allows disclosure that timely determination of some or all of the income tax effects from the Tax Act is incomplete by the due date of the financial statements and if possible to provide a reasonable estimate. We have accounted for the tax effects of the Tax Act under the guidance of SAB 118, on a provisional basis. Our accounting for certain income tax effects is incomplete, but we have determined reasonable estimates for those effects and have recorded provisional amounts in our consolidated financial statements as of March 31, 2018 and December 31, 2017. We expect to complete our analysis within the measurement period in accordance with SAB 118.

In May 2017, the FASB issued ASU No. 2017-09, *Compensation - Stock Compensation (Topic 718): Scope of Modification Accounting*. The ASU provides guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in Topic 718. We adopted this ASU in the first quarter of 2018 and the adoption of this standard did not impact our consolidated financial statements; however, modification accounting is now

required only if the fair value, the vesting conditions, or the classification of the award (as equity or liability) changes as a result of the change in terms or conditions.

In March 2017, the FASB issued ASU No. 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*, which changes how employers that sponsor defined benefit pension or other postretirement benefit plans present the net periodic benefit cost in the income statement. We adopted this ASU using the retrospective transition method in the first quarter of 2018 and applied the practical expedient that permits an employer to use the amounts disclosed in its pension and other postretirement benefit plan note for the prior comparative periods as the estimation basis for applying the retrospective presentation requirements. We report the service cost component of the net periodic pension and post-retirement costs in the same line item in the statement of operations as other compensation costs arising from services rendered by the employees during the period for both our U.S. and Non-U.S. plans. The other components of net periodic pension and post-retirement costs are presented in other income in the unaudited consolidated statements of operations. We adjusted the unaudited consolidated statements of operations in all comparative periods presented as noted in “Basis of presentation”, above.

In January 2017, the FASB issued ASU No. 2017-01, *Business Combinations (Topic 805) : Clarifying the Definition of a Business*. The amendments in this ASU provide new guidance to determine when a set of transferred assets and activities is a business. The guidance requires an entity to evaluate if substantially all of the fair value of the gross assets acquired is concentrated in an identifiable asset or group of similar identifiable assets. If this threshold is met, the set of transferred assets is not a business. If the threshold is not met, the entity then must evaluate whether the set includes, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. This ASU removes the evaluation of whether a market participant could replace missing elements. The amendments also narrow the definition of the term output so that the term is consistent with how outputs are described in Topic 606. We adopted this standard prospectively in the first quarter of 2018.

In October 2016, the FASB issued ASU No. 2016-16, *Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory*. The standard requires an entity to recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. The amendments in this update eliminate the exception for an intra-entity transfer of an asset other than inventory. The amendments do not include new disclosure requirements; however, existing disclosure requirements might be applicable when accounting for the current and deferred income taxes for an intra-entity transfer of an asset other than inventory. We adopted this ASU in the first quarter of 2018 on a modified retrospective basis and the adoption did not have a material impact on our consolidated financial statements.

In January 2016, the FASB issued ASU No. 2016-01, *Financial Instruments (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*. This ASU enhances the reporting model for financial instruments to provide users of financial statements with more decision-useful information by requiring equity investments to be measured at fair value with changes in fair value recognized in net income. It simplifies the impairment assessment of equity investments without readily determinable fair values by requiring a qualitative assessment to identify impairment and eliminates the requirement to disclose the fair value of financial instruments measured at amortized cost for entities that are not public business entities. It also requires an entity to present separately in other comprehensive income the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk when the entity has elected to measure the liability at fair value in accordance with the fair value option for financial instruments and requires separate presentation of financial assets and financial liabilities by measurement category and form of financial asset on the balance sheet or the accompanying notes to the consolidated financial statements. We adopted this ASU in the first quarter of 2018 and the adoption did not have a material impact on our consolidated financial statements.

ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*, eliminates the diversity in practice related to the classification of certain cash receipts and payments for debt prepayment or extinguishment costs, the maturing of a zero-coupon bond, the settlement of contingent liabilities arising from a business combination, proceeds from insurance settlements, distributions from certain equity method investees and beneficial interest obtained in a financial asset securitization. ASU No. 2016-18, *Topic 230: Restricted Cash*, requires that the statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. We elected to early adopt these ASUs using the retrospective transition method in the quarter ended December 31, 2017 and adjusted the consolidated statements of cash flows in all comparative periods presented. The adjustments to the prior period statements of cash flows are as follows:

| (amounts in thousands)                                | April 1, 2017 |                           |            |
|-------------------------------------------------------|---------------|---------------------------|------------|
|                                                       | As Reported   | Retrospective Application | As Revised |
| Cash, cash equivalents and restricted cash, beginning | \$ 102,701    | \$ 751                    | \$ 103,452 |
| Cash, cash equivalents and restricted cash, ending    | 185,505       | 983                       | 186,488    |
| Effect of foreign currency exchange rates on cash     | 1,718         | (8)                       | 1,710      |
| Net change in other assets                            | 1,451         | 240                       | 1,691      |

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (ASC 606)* as modified by subsequently issued ASU 2016-08 - *Principal versus Agent Considerations (Reporting Revenue Gross versus Net)* and ASUs 2015-14, 2016-10, 2016-12 and 2016-20 (collectively ASU 2014-09). ASU 2014-09 superseded existing revenue recognition standards with a single model unless those contracts were within the scope of other standards. ASC 606 is a comprehensive new revenue recognition model that requires revenue to be recognized in a manner to depict the transfer of goods or services and satisfaction of performance obligations to a customer at an amount that reflects the consideration expected to be received in exchange for those goods or services.

We adopted ASU No. 2014-09 in the first quarter of 2018, using the modified retrospective transition practical expedient that allows us to evaluate the impact of contracts as of the Adoption Date rather than evaluating the impact of the contracts at the time they occurred prior to the Adoption Date. There was no material effect associated with the election of this practical expedient. As a practical expedient, shipping and handling fee revenues and the related expenses are reported as fulfillment revenues and expenses for all customers. Therefore, all shipping and handling costs associated with outbound freight are accounted for as a fulfillment costs and are included in cost of sales. As a practical expedient, we do not adjust the promised amount of consideration for the effects of a significant financing component when we expect, at contract inception, that the period between our transfer of a promised product or service to a customer and when the customer pays for that product or service will be one year or less. We do not typically include extended payment terms in our contracts with customers. We have also elected not to provide the remaining performance obligations disclosures related to service contracts in accordance with the practical expedient in ASC 606-10-55-18. We recognize revenue in the amount to which the entity has a right to invoice and have adopted this election to not provide the remaining performance obligations related to service contracts. See Note 15 - *Revenue Recognition* for additional information.

**Recent Accounting Standards Not Yet Adopted** – In February 2018, the FASB issued ASU 2018-02, *Income Statement - Reporting Comprehensive Income*, which allows a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the Tax Act. The standard is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early adoption is permitted for any interim and annual financial statements that have not yet been issued. We are currently evaluating the potential impact on our consolidated financial statements and disclosures.

In August 2017, the FASB issued ASU No. 2017-12, *Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities*. The targeted amendments help simplify certain aspects of hedge accounting and result in a more accurate portrayal of the economics of an entity's risk management activities in its financial statements. For cash flow and net investment hedges as of the adoption date, the guidance requires a modified retrospective approach. The guidance is effective for annual periods beginning after December 15, 2018 and interim periods within those years, with early adoption permitted. The adoption of this guidance is not expected to have a material impact on our consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-04, *Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*. To simplify the measurement of goodwill impairments, this ASU eliminates Step 2 from the goodwill impairment test, which required the calculation of the implied fair value of goodwill. Instead, under the amendments in this ASU, an entity should perform its annual, or interim, goodwill impairment test by comparing the fair

value of a reporting unit with its carrying amount. The guidance will be effective for annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2019. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The adoption of this guidance is not expected to have a material impact on our consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The standard requires lessees to recognize the assets and liabilities arising from leases on the balance sheet and retains a distinction between finance leases and operating leases. The classification criteria for distinguishing between finance leases and operating leases are substantially similar to the classification criteria for distinguishing between capital leases and operating leases in the previous lease guidance. The accounting standard is effective for annual periods beginning after December 15, 2018, including interim periods within those fiscal years, with early adoption permitted. We are currently identifying our leases as that term is defined in the standard and assessing the impact of the standard on our financial statements. We continue evaluating the transition guidance and practical expedients as they are issued, but we have not decided on the utilization of practical expedients. However, the adoption of this standard will result in the recognition of a lease liability and related right-of-use asset and will materially impact our balance sheet.

With the exception of the new standards discussed above, there have been no other recent accounting pronouncements or changes in accounting pronouncements during the quarter ended March 31, 2018 that are of significance or potential significance to us.

## **Note 2. Acquisitions**

For the three months ended March 31, 2018, we completed the following acquisitions:

- In March 2018, we acquired the remaining issued and outstanding shares and membership interests of ABS, a premier supplier of value-added services for the millwork industry located in Sacramento, California. ABS is now part of our North America segment.
- In February 2018, we acquired all of the issued and outstanding shares of A&L, a leading manufacturer of residential aluminum windows and patio doors. A&L is now part of our Australasia segment.
- In February 2018, we acquired the Domoferm Group of companies from Domoferm International GmbH. The Domoferm Group of companies is a leading provider of steel doors, steel door frames, and fire doors for commercial and residential markets. Domoferm is now part of our Europe segment.



The preliminary fair values of the assets and liabilities acquired of the completed acquisitions are summarized below:

| <b>(amounts in thousands)</b>                                    | <b>Preliminary<br/>Allocation</b> |
|------------------------------------------------------------------|-----------------------------------|
| <b>Fair value of identifiable assets and liabilities:</b>        |                                   |
| Accounts receivable                                              | \$ 58,714                         |
| Inventories                                                      | 96,771                            |
| Other assets                                                     | 22,152                            |
| Property and equipment                                           | 52,815                            |
| Identifiable intangible assets                                   | 70,057                            |
| Goodwill                                                         | 62,399                            |
| Total assets                                                     | <u>\$ 362,908</u>                 |
| Accounts payable                                                 | 29,512                            |
| Current maturities of long-term debt                             | 17,278                            |
| Other current liabilities                                        | 27,471                            |
| Long-term debt                                                   | 47,369                            |
| Other liabilities                                                | 17,735                            |
| Non-controlling interest                                         | (184)                             |
| Total liabilities                                                | <u>\$ 139,181</u>                 |
| <b>Purchase Price:</b>                                           |                                   |
| Cash consideration, net of cash acquired                         | \$ 165,687                        |
| Contingent consideration                                         | 3,898                             |
| Gain on previously held shares                                   | 20,767                            |
| Existing investment in acquired entity                           | 33,483                            |
| Non-cash consideration related to acquired intercompany balances | (108)                             |
| Total consideration, net of cash acquired                        | <u>\$ 223,727</u>                 |

Preliminary goodwill of \$62.4 million, calculated as the excess of the purchase price over the fair value of net assets, represents operational efficiencies and sales synergies, and no amount is expected to be tax-deductible. The intangible assets include tradenames, software, patents and customer relationships and will be amortized over a preliminary estimated weighted average amortization period of 19 years. Acquisition-related costs of \$2.3 million were expensed as incurred and are included in SG&A expense in the accompanying unaudited consolidated statements of operations for the three months ended March 31, 2018. The contingent consideration, relating to the A&L acquisition, is based on underlying business performance through June 2018, to be paid in the third quarter of 2018. The contingent liability is included in accrued expenses and other current liabilities in our unaudited consolidated balance sheet. The gain on previously held shares relates to a remeasurement of our existing 50% ownership interest to fair value for one of the recent acquisitions.

We evaluated these acquisitions quantitatively and qualitatively and determined them to be insignificant both individually and in the aggregate. Therefore, the pro forma disclosures and sales and profits attributable to acquisitions under ASC 805-10-50 have been omitted.

During the second and third quarters of 2017, we completed three acquisitions for total consideration of approximately \$131.7 million, net of cash acquired. The excess purchase price over the preliminary fair value of net assets acquired of \$24.4 million and \$46.7 million was allocated to goodwill and intangible assets, respectively. Goodwill is the excess of the purchase price over the fair value of net assets acquired in business combinations and represents operational efficiencies and sales synergies, and \$14.0 million is expected to be tax-deductible. The intangible assets include tradenames, software, and customer relationships and will be amortized over an estimated weighted average amortization period of 18 years. There were no acquisition-related costs in the three months ended April 1, 2017. In 2017, the measurement period adjustment reduced the preliminary allocation of goodwill by \$23.6 million and increased the preliminary allocation of property and equipment, intangible assets, and cash consideration, net of cash acquired by \$16.7 million, \$16.3 million and \$7.7 million, respectively, with the remaining preliminary allocation changes related to other working capital accounts. In 2018, the measurement period adjustment increased the preliminary allocation of goodwill by \$0.3 million with the offset to working capital accounts.

The results of the acquisitions are included in our unaudited consolidated financial statements from the date of their acquisition.

### Note 3. Accounts Receivable

We sell our manufactured products to a large number of customers, primarily in the residential housing construction and remodel sectors, broadly dispersed across many domestic and foreign geographic regions. We perform ongoing credit evaluations of our customers to minimize credit risk. We do not usually require collateral for accounts receivable but will require advance payment, guarantees, a security interest in the products sold to a customer, and/or letters of credit in certain situations. Customer accounts receivable converted to notes receivable are primarily collateralized by inventory or other collateral.

At March 31, 2018 and December 31, 2017, we had an allowance for doubtful accounts of \$5.1 million and \$4.4 million, respectively.

### Note 4. Inventories

Inventories are stated at lower of cost or net realizable value. Finished goods and work-in-process inventories include material, labor and manufacturing overhead costs.

| <u>(amounts in thousands)</u> | <b>March 31,<br/>2018</b> | <b>December 31,<br/>2017</b> |
|-------------------------------|---------------------------|------------------------------|
| Raw materials                 | \$ 312,048                | \$ 283,772                   |
| Work in process               | 42,307                    | 35,734                       |
| Finished goods                | 191,220                   | 85,847                       |
| Total inventories             | <u>\$ 545,575</u>         | <u>\$ 405,353</u>            |

### Note 5. Property and Equipment, Net

| <u>(amounts in thousands)</u>     | <b>March 31,<br/>2018</b> | <b>December 31,<br/>2017</b> |
|-----------------------------------|---------------------------|------------------------------|
| Property and equipment            | \$ 1,941,919              | \$ 1,863,624                 |
| Accumulated depreciation          | (1,128,964)               | (1,106,913)                  |
| Total property and equipment, net | <u>\$ 812,955</u>         | <u>\$ 756,711</u>            |

We monitor all property and equipment for any indicators of potential impairment. Impairments in the amount of \$0.6 million and \$0.0 million were recorded for the three months ended March 31, 2018 and April 1, 2017, respectively.

In November of 2016, we entered into a 17 -year, non-cancelable build-to-suit arrangement for a corporate headquarters facility in Charlotte, North Carolina that is accounted for under the build-to-suit guidance contained in ASC 840, *Leases*. The lease commenced upon completion of construction in February 2018. Since we were involved in the construction of structural improvements prior to the commencement of the lease and took some level of construction risk, we were considered the accounting owner of the assets and land during the construction period. Further, since certain terms of the lease do not meet normal sale-leaseback criteria, we are considered the accounting owner after the construction period as well. During the first quarter of 2018, we recorded \$20.0 million of build-to-suit assets included in Property and equipment, net, and set up a corresponding financial obligation of \$20.4 million included in long-term debt in the accompanying unaudited consolidated balance sheet. The build-to-suit asset is being depreciated over its estimated useful life and lease payments are being applied as debt service against the liability.

Depreciation expense was recorded as follows:

| <u>(amounts in thousands)</u>       | <b>Three Months Ended</b> |                          |
|-------------------------------------|---------------------------|--------------------------|
|                                     | <b>March 31,<br/>2018</b> | <b>April 1,<br/>2017</b> |
| Cost of sales                       | \$ 19,983                 | \$ 18,895                |
| Selling, general and administrative | 1,998                     | 2,090                    |
| Total depreciation expense          | <u>\$ 21,981</u>          | <u>\$ 20,985</u>         |

## Note 6. Goodwill

The following table summarizes the changes in goodwill by reportable segment:

| <b>(amounts in thousands)</b> | <b>North<br/>America</b> | <b>Europe</b>     | <b>Australasia</b> | <b>Total<br/>Reportable<br/>Segments</b> |
|-------------------------------|--------------------------|-------------------|--------------------|------------------------------------------|
| Balance as of January 1       | \$ 201,560               | \$ 268,162        | \$ 79,341          | \$ 549,063                               |
| Acquisitions                  | 17,645                   | 30,167            | 14,587             | 62,399                                   |
| Acquisition remeasurements    | 291                      | —                 | —                  | 291                                      |
| Currency translation          | (175)                    | 7,396             | (1,470)            | 5,751                                    |
| Balance at end of period      | <u>\$ 219,321</u>        | <u>\$ 305,725</u> | <u>\$ 92,458</u>   | <u>\$ 617,504</u>                        |

## Note 7. Intangible Assets, Net

The cost and accumulated amortization values of our intangible assets were as follows:

| <b>(amounts in thousands)</b>         | <b>March 31,<br/>2018</b> | <b>December 31,<br/>2017</b> |
|---------------------------------------|---------------------------|------------------------------|
| Trademarks and trade names            | \$ 55,586                 | \$ 38,600                    |
| Software                              | 45,547                    | 35,191                       |
| Patents, licenses and rights          | 80,942                    | 47,385                       |
| Customer relationships and agreements | 115,678                   | 105,485                      |
| Total amortizable intangibles         | <u>\$ 297,753</u>         | <u>\$ 226,661</u>            |
| Accumulated amortization              | <u>(65,716)</u>           | <u>(60,348)</u>              |
| Total intangibles, net                | <u>\$ 232,037</u>         | <u>\$ 166,313</u>            |

Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of such assets may not be recoverable. Intangible assets that become fully amortized are removed from the accounts in the period that they become fully amortized. Amortization expense was recorded as follows:

| <b>(amounts in thousands)</b> | <b>Three Months Ended</b> |                          |
|-------------------------------|---------------------------|--------------------------|
|                               | <b>March 31,<br/>2018</b> | <b>April 1,<br/>2017</b> |
| Amortization expense          | \$ 4,702                  | \$ 3,881                 |

**Note 8. Other Assets**

| <b>(amounts in thousands)</b>                              | <b>March 31,<br/>2018</b> | <b>December 31,<br/>2017</b> |
|------------------------------------------------------------|---------------------------|------------------------------|
| Customer displays                                          | \$ 15,021                 | \$ 12,702                    |
| Deposits                                                   | 6,470                     | 3,640                        |
| Long-term notes receivable                                 | 4,978                     | 4,984                        |
| Overfunded pension benefit obligation                      | 1,962                     | 1,903                        |
| Other prepaid expenses                                     | 1,774                     | 1,869                        |
| Debt issuance costs on unused portion of revolver facility | 1,506                     | 2,045                        |
| Other long-term accounts receivable                        | 1,666                     | 1,556                        |
| Investments                                                | 417                       | 33,187                       |
| <b>Total other assets</b>                                  | <b>\$ 33,794</b>          | <b>\$ 61,886</b>             |

As of December 31, 2017, our investments consisted primarily of one of our 50% owned investments that was accounted for under the equity method as well as eight investments accounted for under the cost method. During the first quarter of 2018, we purchased the remaining outstanding shares of an acquired entity, and we recognized a gain of \$20.8 million on the previously held shares. This investment is now eliminated in consolidation.

Prior period balances in the table above have been reclassified to conform to current period presentation.

**Note 9. Accrued Expenses and Other Current Liabilities**

| <b>(amounts in thousands)</b>                                              | <b>March 31,<br/>2018</b> | <b>December 31,<br/>2017</b> |
|----------------------------------------------------------------------------|---------------------------|------------------------------|
| Accrued sales and advertising rebates                                      | \$ 59,672                 | \$ 73,585                    |
| Other accrued taxes                                                        | 26,937                    | 19,996                       |
| Accrued expenses                                                           | 22,924                    | 27,667                       |
| Current portion of warranty liability <i>(Note 10)</i>                     | 20,843                    | 19,547                       |
| Current portion of deferred revenue <i>(Note 15)</i>                       | 13,046                    | 9,970                        |
| Accrued interest payable                                                   | 11,645                    | 1,945                        |
| Current portion of accrued claim costs relating to self-insurance programs | 11,519                    | 12,866                       |
| Current portion of accrued income taxes payable                            | 7,298                     | 10,962                       |
| Current portion of restructuring accrual <i>(Note 18)</i>                  | 5,317                     | 7,162                        |
| Current portion of derivative liability <i>(Note 20)</i>                   | 2,126                     | 2,905                        |
| <b>Total accrued expenses and other current liabilities</b>                | <b>\$ 181,327</b>         | <b>\$ 186,605</b>            |

The accrued sales and advertising rebate and accrued interest payable balances can fluctuate significantly from quarter to quarter due to timing of payments.

Prior period balances in the table above have been reclassified to conform to current period presentation.

**Note 10. Warranty Liability**

Warranty terms vary from one year to lifetime on certain window and door components. Warranties are normally limited to servicing or replacing defective components for the original customer. Some warranties are transferable to subsequent owners, and are either limited to 10 years from the date of manufacture, or require pro-rata payments from the customer. A provision for estimated warranty costs is recorded at the time of sale based on historical experience, and we periodically adjust these provisions to reflect actual experience.

An analysis of our warranty liability is as follows:

| <b>(amounts in thousands)</b>          | <b>March 31,<br/>2018</b> | <b>April 1,<br/>2017</b> |
|----------------------------------------|---------------------------|--------------------------|
| Balance as of January 1                | \$ 46,256                 | \$ 45,398                |
| Current period expense                 | 6,049                     | 4,549                    |
| Liabilities assumed due to acquisition | 1,541                     | —                        |
| Experience adjustments                 | 336                       | 1,116                    |
| Payments                               | (6,830)                   | (4,984)                  |
| Currency translation                   | (124)                     | 127                      |
| Balance as of end of period            | 47,228                    | 46,206                   |
| Current portion                        | (20,843)                  | (18,921)                 |
| Long-term portion                      | \$ 26,385                 | \$ 27,285                |

The most significant component of our warranty liability is in the North America segment which totaled \$40.7 million at March 31, 2018 after discounting future estimated cash flows at rates between 0.76% and 4.75% . Without discounting, the liability would have been higher by approximately \$2.7 million .

#### Note 11. Long-Term Debt

Our long-term debt, net of original issue discount and unamortized debt issuance costs, consisted of the following:

| <b>(amounts in thousands)</b>        | <b>March 31, 2018 Interest<br/>Rate</b> | <b>March 31,<br/>2018</b> | <b>December 31,<br/>2017</b> |
|--------------------------------------|-----------------------------------------|---------------------------|------------------------------|
| Senior notes                         | 4.63% - 4.88%                           | \$ 800,000                | \$ 800,000                   |
| Term loans                           | 0.78% - 5.64%                           | 497,363                   | 440,568                      |
| Revolving credit facilities          | 0.67% - 5.00%                           | 113,779                   | —                            |
| Mortgage notes                       | 1.65%                                   | 34,071                    | 33,517                       |
| Installment notes                    | 0.99% - 8.29%                           | 37,615                    | 10,290                       |
| Installment notes for stock          | 3.00% - 4.75%                           | 1,097                     | 1,944                        |
| Unamortized debt issuance costs      |                                         | (12,817)                  | (12,616)                     |
|                                      |                                         | 1,471,108                 | 1,273,703                    |
| Current maturities of long-term debt |                                         | (25,298)                  | (8,770)                      |
| Long-term debt                       |                                         | \$ 1,445,810              | \$ 1,264,933                 |

Summaries of our outstanding debt agreements as of March 31, 2018 are as follows:

**Senior Notes** – In December 2017, we issued \$800.0 million of unsecured Senior Notes in two tranches: \$400.0 million bearing interest at 4.625% and maturing in December 2025 and \$400.0 million bearing interest at 4.875% and maturing in December 2027 in a private placement for resale to qualified institutional buyers pursuant to Rule 144A under the Securities Act. Each tranche was issued at par. Interest is payable semiannually in arrears each June and December through maturity. Debt issuance costs of \$11.7 million are being amortized to interest expense over the life of the notes using the effective interest method.

#### **Term Loans**

*U.S. Facility* - In November 2016, we borrowed an additional \$375.0 million , and refinanced and amended certain terms and provisions of the Term Loan Facility. The proceeds, along with cash on hand and borrowings on our ABL Facility, were used to fund a distribution to shareholders and holders of equity awards. We incurred \$8.1 million of debt issuance costs related to this amendment.

In February 2017, we prepaid \$375.0 million of outstanding principal with the proceeds from our IPO. As a result, we recorded a proportional write-off of \$5.2 million of unamortized debt issuance costs and \$0.9 million of original issue discount to interest expense.

In March 2017, we amended the facility to reduce the interest rate and remove the cap on the amount of cash used in the calculation of net debt. The offering price of the amended term loans was par. Pursuant to this amendment, certain lenders converted their commitments in an aggregate amount, along with an additional commitment advanced by a replacement lender. We incurred \$1.1 million of debt issuance costs related to this term loan amendment, which is included as an offset to long-term debt in the accompanying unaudited consolidated balance sheets.

In December 2017, along with the issuance of the Senior Notes, we re-priced and amended the facility and repaid \$787.4 million of outstanding borrowings with the net proceeds from the Senior Notes which resulted in a principal balance of \$440.0 million. In connection with the debt extinguishment, we expensed the related unamortized original discount of \$5.9 million, unamortized debt issuance costs of \$15.4 million, and bank fees of \$1.7 million as a loss on extinguishment of debt in the consolidated statements of operations.

The re-priced term loans were offered at par, will mature in December 2024 (extended from July 2022), and bear interest at LIBOR (subject to a floor of 0.00%) plus a margin of 1.75% to 2.00%, determined by our corporate credit ratings. This compares favorably to the previous rate of LIBOR (subject to a floor of 1.00%) plus a margin of 2.75% to 3.00%, determined by our net leverage ratio, under the prior amendment. This amendment also modifies other terms and provisions, including providing for additional covenant flexibility and additional capacity under the facility, and conforming to certain terms and provisions of the Senior Notes. This amendment requires that 0.25% (or \$1.1 million) of the aggregate principal amount be repaid quarterly prior to the final maturity date, resulting in an outstanding principal balance of \$438.9 million as of March 31, 2018. The facility is secured by the same collateral and guaranteed by the same guarantors as it was under each of the prior amendments. We incurred \$0.7 million of debt issuance costs related to this amendment which are being amortized to interest expense over the life of the facility using the effective interest method.

*Australian Facility* - In February 2018, we amended the Australian Senior Secured Credit Facility to include an additional AUD \$55.0 million floating rate term loan facility at BBSY plus a margin ranging from 1.00% to 1.10% which matures in February 2023. In addition, we pay a line fee of 1.25% on the unused portion of the commitment amount. This facility is secured by guarantees of JWA and had an outstanding principal balance of \$38.4 million as of March 31, 2018.

*Other Acquired Facilities* - During Q1 2018, we acquired a \$11.6 million term loan facility associated with our ABS acquisition which consisted of five separate term loans with maturity dates from March 2019 to December 2022. These loans bear interest at LIBOR plus margins ranging from 1.85% to 2.00%. Principal is required to be repaid monthly in equal installments through each loan's maturity. As of March 31 2018, we had \$11.6 million outstanding under this facility.

In addition, we acquired \$8.2 million in various term loan facilities associated with our Domoferm acquisition. Maturities of these term loans are from 2021 through 2025 with both fixed and variable interest rates ranging from 0.78% to 3.65%. Included within this is a \$2.2 million obligation under a sale and leaseback agreement relating to the land and buildings at the Gänserndorf, Austria facility which matures in 2021. As of March 31 2018, we had \$8.1 million outstanding under these facilities.

### **Revolving Credit Facilities**

*ABL Facility* - In December 2017, along with the offering of the Senior Notes and repricing of the Term Loan Facility, we amended our \$300.0 million ABL Facility. The facility will mature in December 2022 (extended from October 2019) and bears interest primarily at LIBOR (subject to a floor of 0.00%) plus a margin of 1.25% to 1.75%, determined by availability. This compares favorably to the rate of LIBOR (subject to a floor of 0.00%) plus a margin of 1.50% to 2.00% under the previous amendment. This amendment also makes certain adjustments to the borrowing base and modifies other terms and provisions, including providing for additional covenant flexibility and additional flexibility under the facility, and conforming to certain terms and provisions of the Senior Notes and Term Loan Facility. In connection with the amendment to the ABL Facility, we expensed \$0.2 million of unamortized loan fees as a loss on extinguishment of debt in the accompanying consolidated statements of operations. Debt issuance costs related to the ABL Facility are reclassified to other assets in the accompanying consolidated balance sheets, in proportion to the commitment amount, less loan utilization.

Extensions of credit under the ABL Facility are limited by a borrowing base calculated periodically based on specified percentages of the value of eligible accounts receivable, eligible inventory and certain other assets, subject to certain reserves and other adjustments. We pay a fee between 0.25% to 0.375% on the unused portion of the commitments

under the facility. As of March 31, 2018, we had \$76.5 million in borrowings, \$32.5 million in letters of credit and \$157.2 million available under the ABL Facility.

The ABL Facility has a minimum fixed charge coverage ratio that we are obligated to comply with under certain circumstances. The ABL Facility has various non-financial covenants, including restrictions on liens, indebtedness, and dividends, customary representations and warranties, and customary events of defaults and remedies. The ABL Facility permits us to request commitment increases up to the greater of \$100 million, or the greatest amount by which the borrowing base has exceeded the maximum global credit amount at the end of any of the twelve fiscal months prior to the effective date of the commitment increase, subject to certain conditions.

*Australia Senior Secured Credit Facility* - In February 2018, we amended the Australia Senior Secured Credit Facility to provide for an AUD \$15.0 million floating rate revolving loan facility, an AUD \$12.0 million interchangeable facility for guarantees and letters of credit, an AUD \$7.0 million electronic payaway facility, an AUD \$2.5 million asset finance facility, an AUD \$1.0 million commercial card facility and an AUD \$5.0 million overdraft line of credit. Apart from the AUD \$55.0 million floating rate term loan facility mentioned above, the Australia Senior Secured Credit Facility matures in June 2019. Loans under the revolving loan facility bear interest at BBSY plus a margin of 0.75%, and a line fee of 1.15% is also paid on the revolving facility limit. Overdraft balances bear interest at the bank's reference rate minus a margin of 1.00%, and a line fee of 1.15% is paid on the overdraft facility limit. At March 31, 2018, we had AUD \$15.0 million (or \$11.5 million) available under the revolving loan facility, AUD \$4.1 million (or \$3.2 million) under the interchangeable facility, AUD \$7.0 million (or \$5.4 million) under the electronic payaway facility, AUD \$2.5 million (or \$1.9 million) under the asset finance facility, AUD \$0.8 million (or \$0.6 million) under the commercial card facility and AUD \$5.0 million (or \$3.8 million) available under the overdraft line of credit. The credit facility is secured by guarantees of the subsidiaries of JWA, fixed and floating charges on the assets of the JWA group, and mortgages on certain real properties owned by the JWA group. The agreement requires that JWA maintain certain financial ratios, including a minimum consolidated interest coverage ratio and a maximum consolidated debt to EBITDA ratio. The agreement limits dividends and repayments of intercompany loans where the JWA group is the borrower and limits acquisitions without the bank's consent.

*Euro Revolving Facility* - In January 2015, we entered into the Euro Revolving Facility, a €39 million revolving credit facility, which includes an option to increase the commitment by an amount of up to €10 million, with a syndicate of lenders and Danske Bank A/S, as agent. The Euro Revolving Facility matures on January 30, 2019. Loans under the Euro Revolving Facility bear interest at an IBOR, specific to the borrowing currency, (subject to a floor of 0.00%), plus a margin of 2.50%. A commitment fee of 1.00% is paid on the unutilized amount of the facility. As of March 31, 2018, we had no outstanding borrowings, € 0.4 million (or \$ 0.5 million) of bank guarantees outstanding, and € 38.6 million (or \$47.6 million) available under this facility. The facility requires JELD-WEN A/S to maintain certain financial ratios, including a maximum ratio of senior leverage to Adjusted EBITDA (as calculated therein), and a minimum ratio of Adjusted EBITDA (as calculated therein) to net finance charges. In addition, the facility has various non-financial covenants including restrictions on liens, indebtedness, and dividends, customary representations and warranties, and customary events of default and remedies.

*Other Acquired Facilities* - During Q1 2018, we acquired a \$45.0 million revolving credit facility associated with our ABS acquisition. Loans under this facility bear interest at LIBOR plus a margin ranging from 1.40% to 1.90% determined by the acquired company's leverage. The acquired company had \$29.4 million outstanding on the date of acquisition. This facility matures in July 2019. As of March 31, 2018, we had \$29.4 million in outstanding borrowings, \$2.8 million in letters of credit and \$12.8 million available under this facility.

In addition, we acquired € 9.2 million in various overdraft facilities associated with our Domoferm acquisition. The acquired company had €6.1 million (or \$7.6 million) outstanding on the date of acquisition. The facilities have variable interest rates ranging from 0.67% - 1.98% and are included in the current portion of long term debt. As of March 31, 2018, we had € 6.4 million (or \$7.8 million) in outstanding borrowings, € 1.2 million (or \$1.5 million) of bank guarantees outstanding, and € 1.6 million (or \$1.9 million) available under these facilities.

At March 31, 2018, we had combined borrowing availability of \$231.0 million under our revolving facilities.

**Mortgage Notes** - In December 2007, we entered into thirty -year mortgage notes secured by land and buildings with principal payments beginning in 2018. As of March 31, 2018, we had DKK 206.0 million (or \$34.1 million) outstanding under these notes.

**Installment Notes** – Installment notes represent insurance premium financing, capitalized lease obligations, and loans secured by equipment. As of March 31, 2018, we had \$37.6 million outstanding under these notes, which include the acquired installment notes discussed below.

We acquired \$7.8 million in various installment notes associated with our Domoferm and A&L acquisitions. Maturities of these installment notes are from 2018 through 2027 with both fixed and variable interest rates which range from 0.99% to 8.29%. As of March 31, 2018, we had \$7.7 million outstanding under these acquired facilities.

**Installment Notes for Stock** – We entered into installment notes for stock representing amounts due to former or retired employees for repurchases of our stock that are payable over 5 or 10 years depending on the amount with payments through 2020. As of March 31, 2018, we had \$1.1 million outstanding under these notes.

As of March 31, 2018 and December 31, 2017, we were in compliance with the terms of all of our credit facilities.

## Note 12. Income Taxes

The effective income tax rate for continuing operations was (11.3)% for the three months ended March 31, 2018, compared to 27.5% for the three months ended April 1, 2017. In accordance with ASC 740-270, we recorded tax benefit of \$4.0 million from continuing operations in the three months ended March 31, 2018, compared to a tax expense of \$2.3 million for the three months ended April 1, 2017, by applying an estimated annual effective tax rate to our year-to-date income for includable entities during the respective periods. Our estimated annual effective tax rate for the current year includes the impact of the new tax on Global Intangible Low Taxed Income (“GILTI”). We continue evaluating the accounting policy election for GILTI of either (1) treating taxes due for GILTI as a current-period expense when incurred or (2) factoring such amounts into our measurement of deferred taxes. The selection of an accounting policy will depend upon a detailed analysis of the additional guidance on the operation of the GILTI provisions provided by the U.S. Treasury and our global income and other tax attributes to determine the potential impact, if any, of these provisions. Any subsequent adjustments to this provisional estimate will be reflected on a current basis when determined. The application of the estimated annual effective tax rate in interim periods may result in a significant variation in the customary relationship between income tax expense and pretax accounting income due to the seasonality of our global business. Entities which are currently generating losses and for which there is a full valuation allowance are excluded from the worldwide effective tax rate calculation and are calculated separately. The impact of significant discrete items is separately recognized in the quarter in which they occur. The tax benefit related to discrete items included in the tax provision for continuing operations for the three months ended March 31, 2018 was \$8.7 million, compared to a tax benefit of \$0.3 million for the three months ended April 1, 2017. The discrete amounts for the three months ended March 31, 2018 were comprised primarily of \$7.1 million of tax benefit attributable to the write-off of the outside basis difference of our investment formerly held as an equity method investment upon acquisition of the remaining shares, and \$1.8 million of tax benefit attributable to stock compensation exercises and expirations, offset by tax expense of \$0.2 million attributable to current period interest expense on uncertain tax positions. The discrete benefit amounts for the three months ended April 1, 2017 were comprised primarily of a valuation allowance release of \$0.6 million for our Canadian subsidiary, offset by tax expense of \$0.3 million for current period interest expense on uncertain tax positions.

Under ASC 740-10, we provide for uncertain tax positions and the related interest expense by adjusting unrecognized tax benefits and accrued interest accordingly. We recognize potential interest and penalties related to unrecognized tax benefits in income tax expense. We had unrecognized tax benefits of \$13.0 million and \$13.3 million as of March 31, 2018 and December 31, 2017, respectively.

In December 2017, the Tax Act was signed into law, which resulted in significant changes to U.S. tax rules. We recorded provisional estimates of the impacts of the Tax Act on our financial statements as of December 2017 in accordance with ASU 2018-05 and SAB 118 issued by the SEC. The direct impacts were due primarily to the change in the U.S. corporate income tax rate from 35% to 21% for tax years beginning after December 31, 2017 and the one-time deemed repatriation tax. As a result of the lowering of the U.S. federal tax rate, we revalued our net deferred tax assets in the U.S. reflecting the lower expected benefit in the U.S. in the future. This revaluation resulted in additional tax expense totaling approximately \$21.1 million for the year ended December 31, 2017. The one-time deemed repatriation tax, which effectively subjected our net aggregate historic foreign earnings to taxation in the U.S., resulted in a further tax charge of \$11.3 million. During the fourth quarter of 2017, we undertook certain transactions which involved the repatriation of certain earnings from foreign subsidiaries. While these transactions were not undertaken as a direct result of tax reform, the U.S. tax implications were heavily impacted due to the timing of the transactions and the measurement dates as outlined in the Tax Act. We recorded a net increase to tax expense of \$65.8 million related to these transactions and their impacts under the Tax Act. We



are currently assessing the impact of this legislation on our consolidated financial statements for calendar year 2018 and beyond. We are not in a position as of March 31, 2018 to reflect any adjustments to our provisional estimates as we have not completed our analysis and specific guidance related to the operation of the provisions in the Tax Act has yet to be issued. We will complete our analysis over a one-year measurement period as outlined in SAB 118 issued by the SEC in December 2017, and any adjustments during this measurement period will be recorded in earnings from continuing operations.

### Note 13. Segment Information

We report our segment information in the same way management internally organizes the business in assessing performance and making decisions regarding allocation of resources in accordance with ASC 280-10- *Segment Reporting* . We determined that we have three reportable segments, organized and managed principally by geographic region. Our reportable segments are North America, Europe and Australasia. We report all other business activities in Corporate and unallocated costs. Factors considered in determining the three reportable segments include the nature of business activities, the management structure accountable directly to the CODM, the discrete financial information available and the information regularly reviewed by the CODM. Management reviews net revenues and Adjusted EBITDA (as defined below) to evaluate segment performance and allocate resources. We define Adjusted EBITDA as net income (loss), adjusted for the following items: equity earnings of non-consolidated entities; income tax; depreciation and amortization; interest expense, net; impairment and restructuring charges; gain on previously held shares of equity investment; (gain) loss on sale of property and equipment; share-based compensation expense; non-cash foreign exchange transaction/translation (income) loss; other non-cash items; other items; and costs related to debt restructuring and debt refinancing.

Prior year balances have been revised with the activity being adjusted through the “Net revenues from external customers - North America” line below. See detail in Note 1 - *Description of Company and Significant Accounting Policies* .

The following tables set forth certain information relating to our segments’ operations.

| <b>(amounts in thousands)</b>            | <b>North<br/>America</b> | <b>Europe</b> | <b>Australasia</b> | <b>Total<br/>Operating<br/>Segments</b> | <b>Corporate<br/>and<br/>Unallocated<br/>Costs</b> | <b>Total<br/>Consolidated</b> |
|------------------------------------------|--------------------------|---------------|--------------------|-----------------------------------------|----------------------------------------------------|-------------------------------|
| <b>Three Months Ended March 31, 2018</b> |                          |               |                    |                                         |                                                    |                               |
| Total net revenues                       | \$ 498,333               | \$ 302,469    | \$ 148,700         | \$ 949,502                              | \$ —                                               | \$ 949,502                    |
| Intersegment net revenues                | (392)                    | (782)         | (2,149)            | (3,323)                                 | —                                                  | (3,323)                       |
| Net revenues from external customers     | \$ 497,941               | \$ 301,687    | \$ 146,551         | \$ 946,179                              | \$ —                                               | \$ 946,179                    |
| Impairment and restructuring charges     | 2,756                    | 248           | 1,340              | 4,344                                   | (1,370)                                            | 2,974                         |
| Adjusted EBITDA                          | 47,035                   | 33,807        | 16,742             | 97,584                                  | (9,752)                                            | 87,832                        |
| <b>Three Months Ended April 1, 2017</b>  |                          |               |                    |                                         |                                                    |                               |
| Total net revenues                       | \$ 484,630               | \$ 242,668    | \$ 124,342         | \$ 851,640                              | \$ —                                               | \$ 851,640                    |
| Intersegment net revenues                | (467)                    | (346)         | (2,974)            | (3,787)                                 | —                                                  | (3,787)                       |
| Net revenues from external customers     | \$ 484,163               | \$ 242,322    | \$ 121,368         | \$ 847,853                              | \$ —                                               | \$ 847,853                    |
| Impairment and restructuring charges     | 236                      | 873           | —                  | 1,109                                   | 93                                                 | 1,202                         |
| Adjusted EBITDA                          | 50,178                   | 27,205        | 13,249             | 90,632                                  | (9,670)                                            | 80,962                        |

Reconciliations of net income to Adjusted EBITDA are as follows:

| (amounts in thousands)                                                   | Three Months Ended |                  |
|--------------------------------------------------------------------------|--------------------|------------------|
|                                                                          | March 31,<br>2018  | April 1,<br>2017 |
| Net income                                                               | \$ 40,271          | \$ 6,428         |
| Equity earnings of non-consolidated entities                             | (738)              | (481)            |
| Income tax (benefit) expense                                             | (4,025)            | 2,252            |
| Depreciation and amortization                                            | 28,459             | 27,062           |
| Interest expense, net <sup>(a)</sup>                                     | 15,661             | 26,892           |
| Impairment and restructuring charges <sup>(b)</sup>                      | 2,974              | 1,180            |
| Gain on previously held shares of equity investment                      | (20,767)           | —                |
| Gain on sale of property and equipment                                   | (86)               | (43)             |
| Stock-based compensation expense                                         | 1,951              | 5,444            |
| Non-cash foreign exchange transaction/translation loss                   | 3,881              | 4,360            |
| Other non-cash items                                                     | —                  | 1                |
| Other items <sup>(c)</sup>                                               | 20,285             | 7,587            |
| Costs relating to debt restructuring and debt refinancing <sup>(d)</sup> | (34)               | 280              |
| Adjusted EBITDA                                                          | \$ 87,832          | \$ 80,962        |

- (a) Interest expense for the three months ended April 1, 2017 includes \$6,097 related to the write-off of a portion of the unamortized debt issuance costs and original issue discount associated with the Term Loan Facility.
- (b) Impairment and restructuring charges consist of (i) impairment and restructuring charges that are included in our unaudited consolidated statements of operations plus (ii) additional charges relating to inventory and/or manufacturing of our products of \$22 that are included in cost of sales in the accompanying unaudited consolidated statements of operations for the three months ended April 1, 2017. For further explanation of impairment and restructuring charges that are included in our unaudited consolidated statements of operations, see Note 18 - *Impairment and Restructuring Charges of Continuing Operations* in our unaudited financial statements.
- (c) Other items not core to business activity include: (i) in the three months ended March 31, 2018, (1) \$13,560 in legal, (2) \$2,550 in acquisition costs and (3) \$2,401 in costs related to exit of CEO; and (ii) in the three months ended April 1, 2017, (1) \$7,996 in legal costs, (2) \$498 in facility shut down costs, (3) \$348 in professional fees related to the IPO process, partially offset by (4) \$2,247 in gain on settlement of contract escrow.
- (d) Includes non-recurring fees and expenses related to professional advisors, financial advisors and financial monitors retained in connection with the refinancing of our debt obligations.

#### Note 14. Capital Stock

On February 1, 2017, immediately prior to the closing of the IPO, the Company filed its Charter with the Delaware Secretary, and the Company's Bylaws became effective, each as contemplated by the registration statement we filed in connection with our IPO. The Charter, among other things, provides that the Company's authorized capital stock consists of 900,000,000 shares of common stock, par value \$0.01 per share and 90,000,000 shares of preferred stock, par value \$0.01 per share.

**Preferred Stock** – Our Board of Directors is authorized to issue Preferred Stock from time to time in one or more series and with such rights, privileges, and preferences as the Board of Directors shall from time to time determine. We have not issued any shares of preferred stock.

**Common Stock** – As of December 31, 2016, we were governed by our pre-IPO charter, which provided the authority to issue 22,810,000 shares of common stock, with a par value of \$0.01 per share, of which 22,379,800 shares were designated common stock and 430,200 shares were designated as Class B-1 Common Stock. On January 3, 2017, our pre-IPO charter was amended authorizing us to issue 900,000,000 shares of common stock, with a par value of \$0.01 per share. Each share of common stock had the same rights, privileges, interest and attributes and was subject to the same limitations as every other share. Under our pre-IPO charter, each share of Class B-1 Common Stock was convertible at the option of the holder into shares of common stock at the same ratio on the date of conversion as a share of Series A-1 Stock would have been

convertible on such date of conversion, assuming that no cash dividends had been paid on the Series A-1 Stock (or its predecessor security) since the date of initial issuance. Immediately prior to the closing of our IPO, all of the outstanding shares of Class B-1 Common Stock were converted into 309,404 shares of common stock.

Common stock includes the basis of shares outstanding plus amounts recorded as additional paid-in capital. Shares outstanding exclude the shares issued to the Employee Benefit Trust that are considered similar to treasury shares and total 193,941 shares at both March 31, 2018 and December 31, 2017 with a total original issuance value of \$12.4 million.

On February 1, 2017, we closed our IPO and received \$480.3 million in proceeds, net of underwriting discounts and commissions. Costs associated with our initial public offering of \$7.9 million, including \$5.9 million of capitalized costs included in “other assets” as of previous period end, were charged to equity upon completion of the IPO.

#### Note 15. Revenue Recognition

Revenue is recognized when obligations under the terms of a contract with our customer are satisfied. Generally, this occurs with the transfer of control of our products or services. Revenue is measured as the amount of consideration we expect to receive in exchange for transferring goods or providing services. The taxes we collect concurrent with revenue-producing activities (e.g., sales tax, value added tax, and other taxes) are excluded from revenue. Incidental items that are immaterial in the context of the contract are recognized as expense. The expected costs associated with our base warranties and field service actions continue to be recognized as expense when the products are sold (see Note 10 - *Warranty Liabilities*). Since payment is due at or shortly after the point of sales, the contract asset is classified as a receivable.

We disaggregate revenues from product sales and services based on geographical location. See Note 13 - *Segment Information* for further information on disaggregated revenue.

**Deferred Revenue** – We record deferred revenue when we collect pre-payments from customers for performance obligations we expect to fulfill through future performance of a service or delivery of a product. We classify our deferred revenue based on our estimate as to when we expect to satisfy the related performance obligations. Current deferred revenues are included in accrued expenses and other current liabilities, and noncurrent deferred revenues are included in deferred credits and other liabilities in the accompanying unaudited consolidated balance sheets.

Significant changes in the deferred revenue balances during the period are as follows:

| <b>(amounts in thousands)</b>          | <b>March 31,<br/>2018</b> |
|----------------------------------------|---------------------------|
| Balance as of January 1                | \$ 9,970                  |
| Increases due to cash received         | 27,470                    |
| Liabilities assumed due to acquisition | 1,235                     |
| Revenue recognized during the period   | (25,471)                  |
| Currency translation                   | (158)                     |
| Balance at end of period               | <u>\$ 13,046</u>          |

#### Note 16. Earnings (Loss) Per Share

Basic earnings per share is calculated by dividing net earnings attributable to common shareholders by the weighted average shares outstanding during the period, without consideration for common stock equivalents. Diluted net earnings per share is calculated by adjusting weighted average shares outstanding for the dilutive effect of common share equivalents outstanding for the period, determined using the treasury-stock method. Common stock options, unvested Common Restricted Stock Units and unvested Common Performance Share Units are considered to be common stock equivalents included in the calculation of diluted net income (loss) per share.

The basic and diluted income (loss) per share calculations for the three months ended March 31, 2018 and April 1, 2017 are presented below (in thousands, except share and per share amounts) .

|                                                                                    | Three Months Ended |                  |
|------------------------------------------------------------------------------------|--------------------|------------------|
|                                                                                    | March 31,<br>2018  | April 1,<br>2017 |
| <b>Earnings (loss) per share basic:</b>                                            |                    |                  |
| Income from continuing operations                                                  | \$ 39,533          | \$ 5,947         |
| Equity earnings of non-consolidated entities                                       | 738                | 481              |
| Income from continuing operations and equity earnings of non-consolidated entities | 40,271             | 6,428            |
| Undeclared Series A Convertible Preferred Stock dividends                          | —                  | (10,462)         |
| Net income attributable to non-controlling interest                                | 6                  | —                |
| Net income (loss) attributable to common shareholders                              | \$ 40,265          | \$ (4,034)       |
| Weighted average outstanding shares of common stock basic                          | 106,146,655        | 74,295,248       |
| Net income (loss) per share - basic                                                | \$ 0.38            | \$ (0.05)        |

|                                                                                      | Three Months Ended |                  |
|--------------------------------------------------------------------------------------|--------------------|------------------|
|                                                                                      | March 31,<br>2018  | April 1,<br>2017 |
| <b>Earnings (loss) per share diluted:</b>                                            |                    |                  |
| Net income (loss) attributable to common shareholders - basic and diluted            | \$ 40,265          | \$ (4,034)       |
| Weighted average outstanding shares of common stock basic                            | 106,146,655        | 74,295,248       |
| Restricted stock units, performance share units and options to purchase common stock | 2,721,145          | —                |
| Weighted average outstanding shares of common stock diluted                          | 108,867,800        | 74,295,248       |
| Net income (loss) per share - diluted                                                | \$ 0.37            | \$ (0.05)        |

The following table provides the securities that could potentially dilute basic earnings per share in the future, but were not included in the computation of diluted earnings per share because to do so would have been anti-dilutive:

|                        | Three Months Ended |                  |
|------------------------|--------------------|------------------|
|                        | March 31,<br>2018  | April 1,<br>2017 |
| Common Stock Options   | 250,612            | 8,005,695        |
| Restricted stock units | 20,337             | 549,520          |

#### Note 17. Stock Compensation

Prior to the IPO, our Amended and Restated Stock Incentive Plan, the “Stock Incentive Plan”, allowed us to offer common options, B-1 common options and common RSUs for the benefit of our employees, affiliate employees and key non-employees. Under the Stock Incentive Plan, we could award up to an aggregate of 2,761,000 common shares and 4,732,200 B-1 common shares. The Stock Incentive Plan provided for accelerated vesting of awards upon the occurrence of certain events. Through December 31, 2016, we issued 5,156,976 options and 385,220 RSUs under the Stock Incentive Plan.

In connection with our IPO, the Board adopted and our shareholders approved the JELD-WEN Holding, Inc. 2017 Omnibus Equity Plan, the “Omnibus Equity Plan”. Under the Omnibus Equity Plan, equity awards may be made in respect of 7,500,000 shares of our common stock. Under the Omnibus Equity Plan, awards may be granted in the form of options, RSUs, stock appreciation rights, dividend equivalent rights, share awards and performance-based awards (including performance share units and performance-based restricted stock).

|                                       | Three Months Ended                           |                                                 |                                              |                                                 |
|---------------------------------------|----------------------------------------------|-------------------------------------------------|----------------------------------------------|-------------------------------------------------|
|                                       | March 31, 2018                               |                                                 | April 1, 2017                                |                                                 |
|                                       | Shares                                       | Weighted<br>Average Exercise<br>Price Per Share | Shares                                       | Weighted<br>Average Exercise<br>Price Per Share |
| Options granted                       | 612,789                                      | \$ 33.25                                        | 492,597                                      | \$ 27.73                                        |
| Options canceled                      | 332,180                                      | 18.56                                           | 77,292                                       | 13.17                                           |
| Options exercised                     | 406,280                                      | 12.70                                           | 61,139                                       | 12.14                                           |
|                                       | Weighted<br>Average Grant<br>Date Fair Value |                                                 | Weighted<br>Average Grant<br>Date Fair Value |                                                 |
|                                       | Shares                                       |                                                 | Shares                                       |                                                 |
|                                       |                                              |                                                 |                                              |                                                 |
| RSUs granted - non-employee directors | 315,460                                      | \$ 31.84                                        | 21,198                                       | \$ 31.13                                        |
| RSUs granted - employee               | 123,131                                      | \$ 34.36                                        | 143,102                                      | \$ 27.72                                        |
| PSUs granted - employee               | 109,537                                      | \$ 33.34                                        | —                                            | \$ —                                            |

Our stock-based compensation expense was \$2.0 million for the three months ended March 31, 2018 and \$5.4 million for the three months ended April 1, 2017. As of March 31, 2018, there was \$27.8 million of total unrecognized compensation expense related to non-vested share-based compensation arrangements. This cost is expected to be recognized over the remaining weighted-average vesting period of 2.5 years.

#### Note 18. Impairment and Restructuring Charges

Closure costs and impairment charges for operations not qualifying as discontinued operations are classified as impairment and restructuring charges in our unaudited consolidated statements of operations.

In the first quarter of 2018, we incurred impairment and restructuring costs of \$3.0 million, including \$2.9 million for plant consolidations in Canada and Australia, \$1.5 million for lease termination costs and reduction in workforce in the U.S. and \$0.7 million of other costs offset by \$2.1 million of reduction in expense due to a favorable tax ruling in the U.S. related to a prior divestiture.

The table below summarizes the amounts included in impairment and restructuring charges in the accompanying unaudited consolidated statements of operations:

|                                                           | Three Months Ended |                  |
|-----------------------------------------------------------|--------------------|------------------|
|                                                           | March 31,<br>2018  | April 1,<br>2017 |
| <b>(amounts in thousands)</b>                             |                    |                  |
| Impairments                                               | \$ 636             | \$ —             |
| Restructuring charges, net of fair value adjustment gains | 2,338              | 1,202            |
| Total impairment and restructuring charges                | \$ 2,974           | \$ 1,202         |

Short-term restructuring accruals are recorded in accrued expenses and totaled \$5.3 million and \$7.2 million as of March 31, 2018 and December 31, 2017, respectively. Long-term restructuring accruals are recorded in deferred credits and other liabilities and totaled \$2.3 million and \$3.9 million as of March 31, 2018 and December 31, 2017, respectively.

The following is a summary of the restructuring accruals recorded and charges incurred:

| <u>(amounts in thousands)</u>           | <u>Beginning<br/>Accrual<br/>Balance</u> | <u>Additions<br/>Charged to<br/>Expense</u> | <u>Payments<br/>or<br/>Utilization</u> | <u>Ending<br/>Accrual<br/>Balance</u> |
|-----------------------------------------|------------------------------------------|---------------------------------------------|----------------------------------------|---------------------------------------|
| <b>March 31, 2018</b>                   |                                          |                                             |                                        |                                       |
| Severance and sales restructuring costs | \$ 7,232                                 | \$ 2,408                                    | \$ (4,568)                             | \$ 5,072                              |
| Disposal of property and equipment      | —                                        | 238                                         | (238)                                  | —                                     |
| Lease obligations and other             | 3,807                                    | (308)                                       | (927)                                  | 2,572                                 |
| Total                                   | <u>\$ 11,039</u>                         | <u>\$ 2,338</u>                             | <u>\$ (5,733)</u>                      | <u>\$ 7,644</u>                       |
| <b>April 1, 2017</b>                    |                                          |                                             |                                        |                                       |
| Severance and sales restructuring costs | \$ 836                                   | \$ 551                                      | \$ (712)                               | \$ 675                                |
| Disposal of property and equipment      | —                                        | 89                                          | (89)                                   | —                                     |
| Lease obligations and other             | 4,183                                    | 562                                         | (265)                                  | 4,480                                 |
| Total                                   | <u>\$ 5,019</u>                          | <u>\$ 1,202</u>                             | <u>\$ (1,066)</u>                      | <u>\$ 5,155</u>                       |

#### Note 19. Other (Income) Expense

The table below summarizes the amounts included in other (income) expense in the accompanying unaudited consolidated statements of operations:

| <u>(amounts in thousands)</u> | <u>Three Months Ended</u> |                          |
|-------------------------------|---------------------------|--------------------------|
|                               | <u>March 31,<br/>2018</u> | <u>April 1,<br/>2017</u> |
| Foreign currency losses       | \$ 4,986                  | \$ 5,653                 |
| Pension benefit expense       | 3,134                     | 2,809                    |
| Other items                   | (225)                     | (329)                    |
| Rent and finance income       | (132)                     | (156)                    |
| Settlement of contract escrow | —                         | (2,247)                  |
| Total other (income) expense  | <u>\$ 7,763</u>           | <u>\$ 5,730</u>          |

In accordance with our adoption of ASU 2017-07, prior year balances have been revised with the activity being adjusted through the “Pension benefit expense” line above. See detail in Note 1 - *Description of Company and Summary of Significant Accounting Policies*.

Prior period balances in the table above have been reclassified to conform to current period presentation.

#### Note 20. Derivative Financial Instruments

All derivatives are recorded as assets or liabilities in the unaudited consolidated balance sheets at their respective fair values. For derivatives that qualify for hedge accounting, changes in the fair value related to the effective portion of the hedge are recognized in earnings at the same time as either the change in fair value of the underlying hedged item or the effect of the hedged item’s exposure to the variability of cash flows. Changes in fair value related to the ineffective portion of the hedge are recognized immediately in earnings. Changes in the fair value of derivatives that do not qualify for hedge accounting, or fail to meet the criteria thereafter, are also recognized in the consolidated statements of operations.

**Foreign currency derivatives** – We are exposed to the impact of foreign currency fluctuations in certain countries in which we operate. In most of these countries, the exposure to foreign currency movements is limited because the operating revenues and expenses of our business units are substantially denominated in the local currency. To the extent borrowings, sales, purchases or other transactions are not executed in the local currency of the operating unit, we are exposed to foreign currency risk. In order to mitigate the exposure, we enter into a variety of foreign currency derivative contracts, such as forward contracts, option collars and cross-currency swaps. We use foreign currency derivative contracts, with a total notional amount of \$91.0 million, in order to manage the effect of exchange fluctuations on forecasted sales, purchases, acquisitions, inventory and capital expenditures and certain intercompany transactions that are denominated in foreign currencies. We use foreign currency derivative contracts, with a total notional amount of \$76.2 million, to hedge the effects of translation gains and losses on intercompany loans and interest. We also use foreign currency derivative contracts, with a

total notional amount of \$141.3 million , to mitigate the impact to the consolidated earnings of the Company from the effect of the translation of certain subsidiaries' local currency results into U.S. dollars. We do not use derivative financial instruments for trading or speculative purposes. Hedge accounting has not been elected for any foreign currency derivative contracts. We record mark-to-market changes in the values of these derivatives in other (income) expense. We recorded mark-to-market gains of \$2.4 million and losses of \$8.6 million , in the three months ended March 31, 2018 and April 1, 2017 , respectively.

**Interest rate swap derivatives** – We are exposed to interest rate risk in connection with our variable rate long-term debt. During the fourth quarter of 2014, we entered into interest rate swap agreements to manage this risk. These interest rate swaps were set to mature in September 2019 with half of the \$488.3 million amortized aggregate notional amount having become effective in September 2015, and the other half having become effective in September 2016. On July 1, 2015 , we amended our Term Loan Facility, and we received an additional \$480.0 million in long-term borrowings. In conjunction with the issuance of the incremental term loan debt, we entered into additional interest rate swap agreements to manage our increased exposure to the interest rate risk associated with variable rate long-term debt. The additional interest rate swaps were set to mature in September 2019 with half of the \$426.0 million aggregate notional amount having become effective in June 2016 and the other half having become effective in December 2016. In conjunction with the December 2017 refinancing of the Term Loan Facility (see Note 11 - *Long-Term Debt* ), we terminated all of the interest rate swaps having outstanding notional amounts of \$914.3 million and recorded a loss on termination of \$3.6 million in consolidated other comprehensive income, which will be amortized as interest expense over the life of the original interest rate swaps. The unamortized balance of this loss recorded in consolidated other comprehensive income was \$2.9 million and \$3.4 million at March 31, 2018 and December 31, 2017, respectively.

The interest rate swap agreements were designated as cash flow hedges and, prior to their termination in December 2017, effectively changed the LIBOR-based portion of the interest rate (or “base rate”) on a portion of the debt outstanding under our Term Loan Facility to the weighted average fixed rates per the time frames below:

| <u>Period</u>                  | <u>Notional <sup>(1)</sup></u> | <u>Weighted<br/>Average Rate</u> |
|--------------------------------|--------------------------------|----------------------------------|
|                                | (amounts in thousands)         |                                  |
| December 2015 - June 2016      | \$273,000                      | 1.997%                           |
| June 2016 - September 2016     | \$486,000                      | 2.054%                           |
| September 2016 - December 2016 | \$759,000                      | 2.161%                           |
| December 2016 - December 2017  | \$914,250                      | 2.188%                           |

(1) Aggregate notional amounts in effect during the period shown.

We recorded \$2.7 million of interest expense deriving from the interest rate swaps that were in effect in the three months ended April 1, 2017 .

The agreements with our counterparties contain a provision where we could be declared in default on our derivative obligations if we either default or, in certain cases, are capable of being declared in default on any of our indebtedness greater than specified thresholds. These agreements also contain a provision where we could be declared in default subsequent to a merger or restructuring type event if the creditworthiness of the resulting entity is materially weaker.

The fair values of derivative instruments held are as follows:

|                                                    |                                                | <b>Derivative assets</b>       |                           |                              |
|----------------------------------------------------|------------------------------------------------|--------------------------------|---------------------------|------------------------------|
|                                                    |                                                | <b>Balance Sheet Location</b>  | <b>March 31,<br/>2018</b> | <b>December 31,<br/>2017</b> |
| <b>(amounts in thousands)</b>                      |                                                |                                |                           |                              |
| Derivatives not designated as hedging instruments: |                                                |                                |                           |                              |
| Foreign currency forward contracts                 | Other current assets                           | \$                             | 3,825                     | \$ 2,235                     |
|                                                    |                                                | <b>Derivatives liabilities</b> |                           |                              |
|                                                    |                                                | <b>Balance Sheet Location</b>  | <b>March 31,<br/>2018</b> | <b>December 31,<br/>2017</b> |
| Derivatives not designated as hedging instruments: |                                                |                                |                           |                              |
| Foreign currency forward contracts                 | Accrued expenses and other current liabilities | \$                             | 2,126                     | \$ 2,905                     |

## Note 21. Fair Value Measurements

We record financial assets and liabilities at fair value based on FASB guidance related to Fair Value Measurements. The guidance requires fair value to be determined based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date.

A valuation hierarchy consisting of three levels was established based on observable and non-observable inputs. The three levels of inputs are:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 – Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; and model-driven valuations whose significant inputs are observable or whose significant value drivers are observable.

Level 3 – Significant inputs to the valuation model that are unobservable.

The recorded fair values of these instruments were as follows:

| March 31, 2018                                                            |         |           |         |                  |
|---------------------------------------------------------------------------|---------|-----------|---------|------------------|
| (amounts in thousands)                                                    | Level 1 | Level 2   | Level 3 | Total Fair Value |
| Cash equivalents                                                          | \$ —    | \$ 98     | \$ —    | \$ 98            |
| Derivative assets, recorded in other current assets                       | —       | 3,825     | —       | 3,825            |
| Derivative liabilities, recorded in accrued expenses and deferred credits | —       | (2,126)   | —       | (2,126)          |
| Total                                                                     | \$ —    | \$ 1,797  | \$ —    | \$ 1,797         |
| December 31, 2017                                                         |         |           |         |                  |
| (amounts in thousands)                                                    | Level 1 | Level 2   | Level 3 | Total Fair Value |
| Cash equivalents                                                          | \$ —    | \$ 44,091 | \$ —    | \$ 44,091        |
| Derivative assets, recorded in other current assets                       | —       | 2,235     | —       | 2,235            |
| Derivative liabilities, recorded in accrued expenses and deferred credits | —       | (2,905)   | —       | (2,905)          |
| Total                                                                     | \$ —    | \$ 43,421 | \$ —    | \$ 43,421        |

Derivative assets and liabilities reported in level 2 include foreign currency contracts. The fair values of the foreign currency contracts were determined using a conventional valuation system with observable inputs.



The non-financial assets that are measured at fair value on a non-recurring basis are presented below:

| March 31, 2018         |         |         |         |            |              |
|------------------------|---------|---------|---------|------------|--------------|
| (amounts in thousands) | Level 1 | Level 2 | Level 3 | Fair Value | Total Losses |
| Continuing operations  | \$ —    | \$ —    | \$ 127  | \$ 127     | \$ 255       |
| Total                  | \$ —    | \$ —    | \$ 127  | \$ 127     | \$ 255       |

  

| December 31, 2017      |         |         |         |            |              |
|------------------------|---------|---------|---------|------------|--------------|
| (amounts in thousands) | Level 1 | Level 2 | Level 3 | Fair Value | Total Losses |
| Closed operations      | \$ —    | \$ —    | \$ 914  | \$ 914     | \$ 1,473     |
| Total                  | \$ —    | \$ —    | \$ 914  | \$ 914     | \$ 1,473     |

The valuation methodologies for the level 3 items are based primarily on internal cash flow projections.

## Note 22. Fair Value of Financial Instruments

As part of our normal business activities we invest in financial assets and incur financial liabilities. Our recorded financial instruments consist primarily of cash and cash equivalents, restricted cash, accounts receivable, accounts payable, notes receivable, notes payable and fair value of derivative instruments. The fair values of these financial instruments approximate their recorded values as of March 31, 2018 and December 31, 2017 due to their short-term nature, variable interest rates and mark to market accounting for derivative contracts. The fair values of long-term receivables were evaluated using a discounted cash flow analysis and long-term debt is valued using market price quotes. The fair value of long-term receivables approximated carrying values at both March 31, 2018 and December 31, 2017. The fair value of our debt is estimated using quoted market prices when available. When quoted market prices are not available, fair value is estimated based on current market interest rates for debt with similar maturities and credit quality. Long-term debt indicated a fair value of \$33.0 million lower and \$8.7 million higher than the gross recorded value as of March 31, 2018 and December 31, 2017, respectively.

## Note 23. Commitments and Contingencies

**Litigation** – We are involved in various legal proceedings encountered in the normal course of business and accrue for loss amounts on legal matters when it is probable a liability has been incurred and the amount of liability can be reasonably estimated. Legal judgments and estimated settlements have been included in accrued expenses in the accompanying unaudited consolidated balance sheets.

Other than as described below, as of March 31, 2018, there are no current proceedings or litigation matters involving the Company or its property that we believe could have a material adverse impact on our business, financial condition, results of operations or cash flows.

*Steves and Sons, Inc. vs JELD-WEN* – We sell molded door skins to certain customers pursuant to long-term contracts, and these customers in turn use the molded door skins to manufacture interior doors and compete directly against us in the marketplace. We have given notice of termination of one of these contracts and, on June 29, 2016, the counterparty to the agreement, Steves and Sons, Inc. (“Steves”) filed a claim against JWI in the U.S. District Court for the Eastern District of Virginia, Richmond Division (“Eastern District of Virginia”). The complaint alleges that our acquisition of CMI, together with subsequent price increases and other alleged acts and omissions, violated antitrust laws and constituted a breach of contract and breach of warranty. The complaint seeks declaratory relief, ordinary and treble damages, and injunctive relief, including divestiture of certain assets acquired in the CMI acquisition.

On February 15, 2018, a jury in the Eastern District of Virginia returned a verdict that was unfavorable to JWI with respect to Steves’ claims that our acquisition of CMI violated Section 7 of the Clayton Act and that JWI breached the supply agreement between the parties. The verdict awards Steves \$12,151,873 for past damages under both the Clayton Act and breach of contract claims and \$46,480,581 in future lost profits under the Clayton Act claim. We expect that Steves will be required to elect to recover its past damages either under the Clayton Act claims or the contract claims, but not both. If a judgment is entered under the Clayton Act, any damages awarded will be trebled. In addition, if a judgment is entered under either theory in accordance with the verdict, Steves will be entitled to an award of attorney’s fees, which amounts have not yet been quantified. We have asserted a position that, because future lost profits were

awarded, Steves is not permitted to pursue its claim for divestiture of certain assets acquired in the CMI acquisition. An evidentiary hearing on equitable remedies, including divestiture, was held in April 2018. The parties are preparing post-hearing briefs on the matter.

We intend to vigorously oppose entry of an adverse judgment, and to appeal any adverse judgment that may be entered. We continue to believe that Steves' claims lack merit, Steves' damages calculations are speculative and excessive, and Steves is not entitled in any event to the extraordinary remedy of divestiture. We believe that multiple pretrial and trial rulings were erroneous and improperly limited the Company's defenses, and that judgment in accordance with the verdict would be improper for several reasons under applicable law. Accordingly, we do not believe that a loss in this matter is probable and estimable, and, therefore, we have not accrued a reserve for this loss contingency. However, if a judgment is entered in accordance with the verdict and is ultimately upheld after exhaustion of our appellate remedies, it could have a material adverse effect on our financial position, operating results, or cash flows, particularly for the reporting period in which a loss is recorded. Because the operations acquired from CMI have been fully integrated into the Company's other operations, divestiture of those operations would be difficult if not impossible and, therefore, it is not possible to estimate the cost of any final divestiture order or the extent to which such an order would have a material adverse effect on our financial position, operating results or cash flows.

During the course of the proceedings in the Eastern District of Virginia, we discovered certain facts that led us to conclude that Steves, its principals and certain former employees of the Company had misappropriated Company trade secrets, violated the terms of various agreements between the Company and those parties and violated other laws. We have asserted claims against certain of those parties in the Eastern District of Virginia and in the District Court of Bexar County, Texas, and are pursuing those claims vigorously. Trial of our claims against Steves and others in the Eastern District of Virginia related to misappropriation of trade secrets began April 30, 2018. Our other claims remain pending in Bexar County, Texas, and are set for trial in October 2018.

**Self-Insured Risk** – We self-insure substantially all of our domestic business liability risks including general liability, product liability, warranty, personal injury, auto liability, workers' compensation and employee medical benefits. Excess insurance policies from independent insurance companies generally cover exposures between \$3.0 million and \$250.0 million for domestic product liability risk and exposures between \$0.5 million and \$250.0 million for auto, general liability, personal injury and workers' compensation. We have no stop gap coverage on claims covered by our self-insured domestic employee medical plan and are responsible for all claims thereunder. We estimate our provision for self-insured losses based upon an evaluation of current claim exposure and historical loss experience. Actual self-insurance losses may vary significantly from these estimates. At March 31, 2018 and December 31, 2017, our accrued liability for self-insured risks was \$73.3 million.

**Indemnifications** – At March 31, 2018, we had commitments related to certain representations made on contracts for the purchase or sale of businesses or property. These representations primarily relate to past actions such as responsibility for transfer taxes if they should be claimed, and the adequacy of recorded liabilities, warranty matters, employment benefit plans, income tax matters or environmental exposures. These guarantees or indemnification responsibilities typically expire within one to three years. We are not aware of any material amounts claimed or expected to be claimed under these indemnities. From time to time and in limited geographic areas we have entered into agreements for the sale of our products to certain customers that provide additional indemnifications for liabilities arising from construction or product defects. We cannot estimate the potential magnitude of such exposures, but to the extent specific liabilities have been identified related to product sales, liabilities have been provided in the warranty accrual in the accompanying unaudited consolidated balance sheets.

**Performance Bonds and Letters of Credit** – At times, we are required to provide letters of credit, surety bonds or guarantees to customers, vendors and others. Stand-by letters of credit are provided to certain customers and counterparties in the ordinary course of business as credit support for contractual performance guarantees, advanced payments received from customers and future funding commitments. The outstanding performance bonds and stand-by letters of credit were as follows:

| (amounts in thousands)                                             | March 31,<br>2018 | December 31,<br>2017 |
|--------------------------------------------------------------------|-------------------|----------------------|
| Self-insurance workers' compensation                               | \$ 21,072         | \$ 21,072            |
| Liability and other insurance                                      | 12,900            | 12,900               |
| Environmental                                                      | 14,552            | 14,452               |
| Other                                                              | 14,418            | 6,650                |
| Total outstanding performance bonds and stand-by letters of credit | <u>\$ 62,942</u>  | <u>\$ 55,074</u>     |

**Environmental Contingencies** – We periodically incur environmental liabilities associated with remediating our current and former manufacturing sites as well as penalties for not complying with environmental rules and regulations. We record a liability for remediation costs when it is probable that we will be responsible for such costs and the costs can be reasonably estimated. These environmental liabilities are estimated based on current available facts and present laws and regulations. Accordingly, it is likely that adjustments to the estimated liabilities will be necessary as additional information becomes available. Short-term environmental liabilities and settlements are recorded in accrued expenses in the accompanying unaudited consolidated balance sheets and totaled \$0.5 million at both March 31, 2018 and December 31, 2017. Long-term environmental liabilities are recorded in deferred credits and other liabilities in the accompanying unaudited consolidated balance sheets and totaled \$0.0 million and \$0.1 million at March 31, 2018 and December 31, 2017, respectively.

*Everett, Washington WADOE Action* - In 2008, we entered into an Agreed Order with the WADOE to assess historic environmental contamination at our former manufacturing site in Everett, Washington. As part of this order, we also agreed to develop a CAP identifying remediation options and the feasibility thereof. We are currently working with WADOE to finalize our assessment and draft CAP. We estimate the remaining cost to complete our assessment and develop the CAP at \$0.5 million which we have fully accrued. We are working with insurance carriers who provided coverage to a previous owner and operator of the site, and at this time we cannot reasonably estimate the cost associated with any remedial action we would be required to undertake and have not provided for any remedial action in our accompanying unaudited consolidated financial statements. Should extensive remedial action ultimately be required, and if those costs are not found to be covered by insurance, the cost of remediation could have a material adverse effect on our results of operations and cash flows.

*Everett, Washington NRD Action* - In November 2014, we received a letter from the NRD, a federal agency, regarding a potential multi-party settlement of an impending damage claim related to historic environmental contamination on a site we sold in December 2013. In April 2018, the court approved a settlement agreement under which we paid \$1.3 million to settle the claim. Of the \$1.3 million, the prior insurance carrier for the site has agreed to fund \$1.1 million of the settlement. Amounts related to the settlement are accrued, and we do not expect to incur any further significant loss related to the settlement of this matter.

*Towanda, Pennsylvania Consent Order* - In 2015, we entered into a COA with the Pennsylvania Department of Environmental Protection to remove a pile of wood fiber waste from our site in Towanda, Pennsylvania, which we acquired in connection with our acquisition of CMI in 2013, by using it as fuel for a boiler at that site. The COA replaced a 1995 Consent Decree between CMI's predecessor Masonite, Inc. and PaDEP. Under the COA, we are required to achieve certain periodic removal objectives and ultimately remove the entire pile by August 31, 2022. There are currently \$11.0 million in bonds posted in connection with these obligations. If we are unable to remove this pile by August 31, 2022, then the bonds will be forfeited and we may be subject to penalties by PaDEP. We currently anticipate meeting all applicable removal deadlines; however, if our operations at this site decrease and we burn less fuel than currently anticipated, we may not be able to meet such deadlines.

**Service Agreements** – In February 2015, we entered into a strategic servicing agreement with a third party vendor to identify and execute cost reduction opportunities. The agreement provided for a tiered fee structure directly tied to cost savings realized. This contract terminated pursuant to its own terms on December 31, 2015, and we made a final payment of \$6.3 million on January 2, 2018. We expect no further costs related to this issue.

**Employee Stock Ownership Plan** – We have historically provided cash to our U.S. ESOP plan in order to fund required distributions to participants through the repurchase of shares of our common stock. Following our February 2017 IPO, the value of a share of common stock held through the ESOP is now based on JELD-WEN's public share price. We do not anticipate that JWH will fund future distributions.

#### Note 24. Employee Retirement and Pension Benefits

**U.S. Defined Benefit Pension Plan** – Certain U.S. hourly employees participate in our defined benefit pension plan. The plan is not open to new employees. Pension expense, as recorded in the accompanying unaudited consolidated statements of operations, is determined by using spot rate assumptions made on January 1 of each year as summarized below:

| (amounts in thousands)                                            | Three Months Ended |                  |
|-------------------------------------------------------------------|--------------------|------------------|
|                                                                   | March 31,<br>2018  | April 1,<br>2017 |
| <b>Components of pension benefit expense - U.S. benefit plan:</b> |                    |                  |
| Administrative cost                                               | \$ 825             | \$ 825           |
| Interest cost                                                     | 3,350              | 3,350            |
| Expected return on plan assets                                    | (4,525)            | (4,525)          |
| Amortization of net actuarial pension loss                        | 3,000              | 3,000            |
| Pension benefit expense                                           | <u>\$ 2,650</u>    | <u>\$ 2,650</u>  |

There were no required contributions to our U.S. defined benefit pension plan, or “the Plan” during the three months ended March 31, 2018 and April 1, 2017, and we did not make any voluntary contributions in either period. During fiscal year 2018, we expect to make cash contributions to the plan of approximately of \$4.1 million.

In accordance with our adoption of ASU 2017-07, pension benefit expenses are recorded in other (income) expense and totaled \$2.7 million and \$2.7 million as of the three months ended March 31, 2018 and April 1, 2017, respectively. Prior year amounts have been reclassified to conform to the current year presentation.

**Note 25. Supplemental Cash Flow Information**

| (amounts in thousands)                                                                              | Three Months Ended |                     |
|-----------------------------------------------------------------------------------------------------|--------------------|---------------------|
|                                                                                                     | March 31,<br>2018  | April 1,<br>2017    |
| <b>Non-cash Operating Activities:</b>                                                               |                    |                     |
| Costs associated with initial public offering in accounts payable                                   | \$ —               | \$ 1,310            |
| <b>Non-cash Investing Activities:</b>                                                               |                    |                     |
| Property, equipment and intangibles purchased in accounts payable                                   | \$ 4,460           | \$ 753              |
| Property and equipment purchased for debt                                                           | 384                | 100                 |
| Customer accounts receivable converted to notes receivable                                          | 80                 | 117                 |
| <b>Cash Financing Activities:</b>                                                                   |                    |                     |
| Change in long-term debt                                                                            |                    |                     |
| Proceeds from issuance of new debt, net of discount                                                 | \$ 38,823          | \$ —                |
| Borrowings on long-term debt                                                                        | 76,906             | —                   |
| Payments of long-term debt                                                                          | (3,941)            | (380,920)           |
| Payments of debt issuance and extinguishment costs, including underwriting fees                     | (78)               | (1,144)             |
|                                                                                                     | <u>\$ 111,710</u>  | <u>\$ (382,064)</u> |
| <b>Non-cash Financing Activities:</b>                                                               |                    |                     |
| Costs associated with initial public offering formerly capitalized in prepaid expenses              | \$ —               | \$ 5,858            |
| Shares surrendered for tax obligations for employee share-based transactions in accrued liabilities | 201                | —                   |
| <b>Other Supplemental Cash Flow Information:</b>                                                    |                    |                     |
| Cash taxes paid, net of refunds                                                                     | \$ 11,165          | \$ 5,366            |
| Cash interest paid                                                                                  | 5,126              | 18,288              |

**Note 26. Subsequent Events**

On April 26, 2018, our Board authorized a \$250 million share repurchase program that extends through 2019. The timing and amount of any share repurchases will be made in accordance with all applicable securities laws and regulations, and will be funded from available liquidity or future credit facilities. The share repurchase program does not obligate the Company to acquire any particular amount of common stock, and it may be suspended or terminated at any time at the Company's discretion. The timing and amount of any purchases of common stock repurchases will be determined by management based on JELD-WEN's liquidity, general business and market conditions and other factors, including alternative investment opportunities.

## Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations

### **FORWARD-LOOKING STATEMENTS**

*In addition to historical information, this Form 10-Q contains "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act, which are subject to the "safe harbor" created by those sections. All statements, other than statements of historical facts, included in this Form 10-Q are forward-looking statements. You can generally identify forward-looking statements by our use of forward-looking terminology such as "anticipate", "believe", "continue", "could", "estimate", "expect", "intend", "may", "might", "plan", "potential", "predict", "seek", or "should", or the negative thereof or other variations thereon or comparable terminology. In particular, statements about the markets in which we operate, including growth of our various markets, and our expectations, beliefs, plans, strategies, objectives, prospects, assumptions, or future events or performance contained under the heading Item 2- Management's Discussion and Analysis of Financial Condition and Results of Operations are forward-looking statements.*

*We have based these forward-looking statements on our current expectations, assumptions, estimates, and projections. While we believe these expectations, assumptions, estimates, and projections are reasonable, such forward-looking statements are only predictions and involve known and unknown risks and uncertainties, many of which are beyond our control. These and other important factors, including those discussed under the headings Item 1A- Risk Factors in our annual report on Form 10-K and Item 2- Management's Discussion and Analysis of Financial Condition and Results of Operations in this Form 10-Q may cause our actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements. Some of the factors that could cause actual results to differ materially from those expressed or implied by the forward-looking statements include:*

- *negative trends in overall business, financial market and economic conditions, and/or activity levels in our end markets;*
- *our highly competitive business environment;*
- *failure to timely identify or effectively respond to consumer needs, expectations or trends;*
- *failure to maintain the performance, reliability, quality, and service standards required by our customers;*
- *failure to implement our strategic initiatives, including JEM;*
- *acquisitions or investments in other businesses that may not be successful;*
- *declines in our relationships with and/or consolidation of our key customers;*
- *increases in interest rates and reduced availability of financing for the purchase of new homes and home construction and improvements;*
- *fluctuations in the prices of raw materials used to manufacture our products;*
- *delays or interruptions in the delivery of raw materials or finished goods;*
- *seasonal business and varying revenue and profit;*
- *changes in weather patterns;*
- *political, economic, and other risks that arise from operating a multinational business;*
- *exchange rate fluctuations;*
- *disruptions in our operations;*
- *manufacturing realignments and cost savings programs resulting in a decrease in short-term earnings;*
- *our new ERP system that we anticipate implementing in the future proving ineffective;*
- *security breaches and other cybersecurity incidents;*
- *increases in labor costs, potential labor disputes, and work stoppages at our facilities;*
- *changes in building codes that could increase the cost of our products or lower the demand for our windows and doors;*
- *compliance costs and liabilities under environmental, health, and safety laws and regulations;*
- *compliance costs with respect to legislative and regulatory proposals to restrict emission of GHGs;*

- *lack of transparency, threat of fraud, public sector corruption, and other forms of criminal activity involving government officials;*
- *product liability claims, product recalls, or warranty claims;*
- *inability to protect our intellectual property;*
- *loss of key officers or employees;*
- *pension plan obligations;*
- *our current level of indebtedness;*
- *risks associated with the material weaknesses that have been identified;*
- *the extent of Onex' control of us; and*
- *other risks and uncertainties, including those listed under Item 1A- Risk Factors in our Form 10-K.*

*Given these risks and uncertainties, you are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements contained in this Form 10-Q are not guarantees of future performance and our actual results of operations, financial condition, and liquidity, and the development of the industry in which we operate, may differ materially from the forward-looking statements contained in herein. In addition, even if our results of operations, financial condition, and liquidity, and events in the industry in which we operate, are consistent with the forward-looking statements contained in this Form 10-Q, they may not be predictive of results or developments in future periods.*

*Any forward-looking statement in this Form 10-Q speaks only as of the date of this Form 10-Q or as of the date such statement was made. We do not undertake any obligation to update or revise, or to publicly announce any update or revision to, any of the forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.*

*Unless the context requires otherwise, references in this Form 10-Q to "we", "us", "our", "the Company", or "JELD-WEN" mean JELD-WEN Holding, Inc., together with our consolidated subsidiaries where the context requires, including our wholly owned subsidiary JWI.*

This discussion should be read in conjunction with our historical financial statements and related notes thereto and the other disclosures contained elsewhere in this Form 10-Q. The results of operations for the periods reflected herein are not necessarily indicative of results that may be expected for future periods, and our actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including but not limited to those listed under Item 1A- *Risk Factors* and included elsewhere in this Form 10-Q.

This MD&A is a supplement to our financial statements and notes thereto included elsewhere in this Form 10-Q and is provided to enhance your understanding of our results of operations and financial condition. Our discussion of results of operations is presented in millions throughout the MD&A and due to rounding may not sum or calculate precisely to the totals and percentages provided in the tables. Our MD&A is organized as follows:

- **Overview and Background.** This section provides a general description of our Company and operating segments, business and industry trends, our key business strategies and background information on other matters discussed in this MD&A.
- **Consolidated Results of Operations and Operating Results by Business Segment.** This section provides our analysis and outlook for the significant line items on our unaudited consolidated statements of operations, as well as other information that we deem meaningful to an understanding of our results of operations on both a consolidated basis and a business segment basis.
- **Liquidity and Capital Resources.** This section contains an overview of our financing arrangements and provides an analysis of trends and uncertainties affecting liquidity, cash requirements for our business and sources and uses of our cash.
- **Critical Accounting Policies and Estimates.** This section discusses the accounting policies that we consider important to the evaluation and reporting of our financial condition and results of operations, and whose application requires significant judgments or a complex estimation process.

## Overview and Background

We are one of the world's largest door and window manufacturers, and we hold a leading position by net revenues in the majority of the countries and markets we serve. We design, produce, and distribute an extensive range of interior and exterior doors, wood, vinyl, and aluminum windows, and related products for use in the new construction, R&R of residential homes and, to a lesser extent, non-residential buildings.

We operate 138 manufacturing facilities in 20 countries, located primarily in North America, Europe, and Australia. For many product lines, our manufacturing processes are vertically integrated, enhancing our range of capabilities, our ability to innovate, and our quality control as well as providing supply chain, transportation, and working capital savings.

In October 2011, Onex acquired a majority of the combined voting power in the Company through the acquisition of convertible debt and convertible preferred equity.

In February 2017, we closed on the offering of 28.75 million shares of our common stock at a public offering price of \$23.00, resulting in net proceeds of \$472.4 million after deducting underwriters' discounts and commissions and other offering expenses. We used a portion of the net proceeds from the offering to repay \$375.0 million of indebtedness outstanding under our Term Loan Facility, and used the remaining net proceeds for working capital and other general corporate purposes, including sales and marketing activities, general and administrative matters, capital expenditures, and to invest in or acquire complementary businesses, products, services, technologies, or other assets.

In May 2017, we completed a secondary public offering of 16.1 million shares of our common stock, substantially all of which were owned by Onex, including the exercise of the over-allotment option. Following the completion of the secondary offering, Onex owned approximately 45% of our common stock.

In November 2017, we completed a secondary public offering of 14.4 million shares of our common stock, substantially all of which were owned by Onex, including the exercise of the over-allotment option. Following the completion of the secondary offering, Onex owned approximately 31.2% of our common stock.

As of March 31, 2018, Onex owned approximately 30.9% of our outstanding shares.

## Business Segments

Our business is organized in geographic regions to ensure integration across operations serving common end markets and customers. We have three reportable segments: North America (which includes limited activity in Chile and Peru), Europe, and Australasia. Financial information related to our business segments can be found in Note 13 - *Segment Information* of our financial statements included elsewhere in this Form 10-Q.

## Acquisitions

In March 2018, we acquired the remaining issued and outstanding shares and membership interests of ABS, headquartered Sacramento, California. ABS is a premier supplier of value-added services for the millwork industry. ABS is now part of our North America segment.

In February 2018, we acquired A&L, a leading Australian manufacturer of residential aluminum windows and patio doors. A&L has a network of manufacturing facilities across the eastern seaboard of Australia which we expect will deliver synergies through operational savings from the implementation of JEM and by leveraging the benefits of our combined supply chain. A&L is now part of our Australasia segment.

In February 2018, we acquired Domoferm, headquartered in Gänserndorf, Austria. Domoferm is a leading European provider of steel doors, steel door frames, and fire doors for commercial and residential markets with four manufacturing sites in Austria, Germany, and the Czech Republic. Domoferm is now part of our Europe segment.

We paid an aggregate of approximately \$165.7 million in cash (net of cash acquired) for the 2018 acquisitions of Domoferm, A&L, and ABS. In addition, we assumed debt of the acquired entities of approximately \$64.6 million.

In August 2017, we acquired MMI Door, headquartered in Sterling Heights, Michigan. MMI Door is a leading provider of doors and related value-added services in the Midwest region of the U.S. and is part of our North America segment. The



acquisition complements our North America door business and allows us to improve service offerings and lead times to our channel partners.

In August 2017, we acquired the Kolder Group, headquartered in Smithfield, Australia. Kolder is a leading Australian provider of shower enclosures, closet systems, and related building products, with leading positions in both the commercial and residential markets. Kolder is part of our Australasia segment. The acquisition significantly enhances our existing Australian capabilities in glass shower enclosures and built-in closet systems, and supports our strategy to build leadership positions in attractive markets.

In June 2017, we acquired Mattiovi, headquartered in Finland. Mattiovi is a leading manufacturer of interior doors and door frames in Finland and is part of our Europe segment. The acquisition enhances our market position in the Nordic region, increases our product offering, and also provides us with additional door frame capacity to support growth in the region.

For additional information on acquisition activity, see Note 2 - *Acquisitions* .

## Results of Operations

The tables in this section summarize key components of our results of operations for the periods indicated, both in U.S. dollars and as a percentage of our net revenues. Certain percentages presented in this section have been rounded to the nearest whole number. Accordingly, totals may not equal the sum of the line items in the tables below. We reclassified certain immaterial amounts in our statement of operations for the three months ended April 1, 2017 . See Note 1 - *Description of Company and Significant Accounting Policies* in our unaudited consolidated financial statements included elsewhere in this Form 10-Q.

### Comparison of the Three Months Ended March 31, 2018 to the Three Months Ended April 1, 2017

|                                                                  | March 31, 2018 |                   | April 1, 2017 |                   |
|------------------------------------------------------------------|----------------|-------------------|---------------|-------------------|
|                                                                  |                | % of Net Revenues |               | % of Net Revenues |
| <b>(amounts in thousands)</b>                                    |                |                   |               |                   |
| Net revenues                                                     | \$ 946,179     | 100.0 %           | \$ 847,853    | 100.0%            |
| Cost of sales                                                    | 740,326        | 78.2 %            | 666,166       | 78.6%             |
| Gross margin                                                     | 205,853        | 21.8 %            | 181,687       | 21.4%             |
| Selling, general and administrative                              | 164,714        | 17.4 %            | 139,664       | 16.5%             |
| Impairment and restructuring charges                             | 2,974          | 0.3 %             | 1,202         | 0.1%              |
| Operating income                                                 | 38,165         | 4.0 %             | 40,821        | 4.8%              |
| Interest expense, net                                            | 15,661         | 1.7 %             | 26,892        | 3.2%              |
| Other (income) expense                                           | (13,004)       | (1.4)%            | 5,730         | 0.7%              |
| Income before taxes, equity earnings and discontinued operations | 35,508         | 3.8 %             | 8,199         | 1.0%              |
| Income tax (benefit) expense                                     | (4,025)        | (0.4)%            | 2,252         | 0.3%              |
| Income from continuing operations, net of tax                    | 39,533         | 4.2 %             | 5,947         | 0.7%              |
| Equity earnings of non-consolidated entities                     | 738            | 0.1 %             | 481           | 0.1%              |
| Net income                                                       | \$ 40,271      | 4.3 %             | \$ 6,428      | 0.8%              |

## Consolidated Results

*Net Revenues* – Net revenues increased \$98.3 million , or 11.6% , to \$946.2 million in the three months ended March 31, 2018 from \$847.9 million in the three months ended April 1, 2017 . The increase in net revenues was primarily due to our recent acquisitions, which provided a 7% increase, as well as a favorable foreign exchange impact of 5% . Our core net revenues were unchanged, with a 1% benefit from pricing offset by a 1% decrease in volume/mix.

*Gross Margin* – Gross margin increased \$24.2 million , or 13.3% , to \$205.9 million in the three months ended March 31, 2018 from \$181.7 million in the three months ended April 1, 2017 . Gross margin as a percentage of net revenues was 21.8% in the three months ended March 31, 2018 and 21.4% in the three months ended April 1, 2017 . The increase in gross margin and gross margin percentage was due to favorable pricing, cost savings initiatives and contribution from recent acquisitions, partially offset by material and freight inflation.

*SG&A Expense* – SG&A expense increased \$25.1 million , or 17.9% , to \$164.7 million in the three months ended March 31, 2018 from \$139.7 million in the three months ended April 1, 2017 . SG&A expense as a percentage of net revenues was 17.4% for the three months ended March 31, 2018 and 16.5% for the three months ended April 1, 2017 . The increase in SG&A expense was primarily due to expense associated with our recent acquisitions, increased professional fees, and increased wages and benefits costs.

*Impairment and Restructuring Charges* – Impairment and restructuring charges increased \$1.8 million , or 147.4% , to \$3.0 million in the three months ended March 31, 2018 from \$1.2 million in the three months ended April 1, 2017 . The charges in the three months ended March 31, 2018 consisted primarily of plant consolidations in our North America and Australia segments. The charges for the three months ended April 1, 2017 consisted primarily of ongoing restructuring costs in our Europe segment.

*Interest Expense, Net* – Interest expense, net, decreased \$11.2 million , or 41.8% , to \$15.7 million in the three months ended March 31, 2018 from \$26.9 million in the three months ended April 1, 2017 . The decrease was primarily due to additional interest expense incurred in the prior year resulting from the write-off of a portion of the unamortized debt issuance costs and original issue discount totaling approximately \$6.1 million in connection with the repayment of \$375.0 million of outstanding term loans with proceeds from our IPO and higher pre-IPO debt levels.

*Other (Income) Expense* – Other (income) expense increased \$18.7 million , to income of \$13.0 million in the three months ended March 31, 2018 from expense of \$5.7 million in the three months ended April 1, 2017 . The income in the three months ended March 31, 2018 was primarily due to a fair value adjustment of \$20.8 million associated with our acquisition of the remaining shares outstanding of an equity investment, partially offset by foreign currency losses of \$5.0 million , and pension expense of \$3.1 million . Expense in the three months ended April 1, 2017 primarily consisted of foreign currency losses of \$5.7 million and pension expense of \$2.8 million partially offset by a beneficial contract settlement of \$2.2 million .

*Income Taxes* – Income tax benefit in the three months ended March 31, 2018 was \$4.0 million , compared to tax expense of \$2.3 million in the three months ended April 1, 2017 . The effective tax rate in the three months ended March 31, 2018 was (11.3)% compared to an effective tax rate of 27.5% in the three months ended April 1, 2017 . The current year tax benefit of \$4.0 million was due primarily to write-off of the outside basis difference of our equity method investment upon acquisition of the remaining shares. The effective tax rate for the three months ended March 31, 2018 includes the impact of the new tax on Global Intangible Low Taxed Income (“GILTI”). We continue evaluating the accounting policy election for GILTI of either (1) treating taxes due for GILTI as a current-period expense when incurred or (2) factoring such amounts into our measurement of deferred taxes. The selection of an accounting policy will depend upon a detailed analysis of the additional guidance on the operation of the GILTI provisions provided by the U.S. Treasury and our global income and other tax attributes to determine the potential impact, if any, of these provisions. Any subsequent adjustments to this provisional estimate will be reflected on a current basis when determined.

## Segment Results

We report our segment information in the same way management internally organizes the business in assessing performance and making decisions regarding allocation of resources in accordance with ASC 280-10- *Segment Reporting* . We determined that we have three reportable segments, organized and managed principally by geographic region. Our reportable segments are North America, Europe and Australasia. We report all other business activities in Corporate and unallocated costs. We define Adjusted EBITDA as net income (loss), adjusted for the following items: loss from discontinued operations, net of tax; equity earnings (loss) of non-consolidated entities; income tax; depreciation and amortization; interest expense, net; impairment and restructuring charges; gain on previously held shares of equity investment; (gain) loss on sale of property and equipment; share-based compensation expense; non-cash foreign exchange transaction/translation (income) loss; other non-cash items; other items; and costs related to debt restructuring, and debt refinancing. For additional information on segment Adjusted EBITDA, see Note 13 - *Segment Information* to our financial statements included in this Form 10-Q.

We reclassified certain immaterial amounts for the three months ended April 1, 2017 impacting “Net revenues from external customers - North America” line below to conform to our current year’s presentation. See Note 1 - *Description of Company and Significant Accounting Policies* in our unaudited consolidated financial statements included elsewhere in this Form 10-Q.

### Comparison of the Three Months Ended March 31, 2018 to the Three Months Ended April 1, 2017

| <u>(amounts in thousands)</u>                           | <u>March 31,<br/>2018</u> | <u>April 1,<br/>2017</u> | <u>% Variance</u> |
|---------------------------------------------------------|---------------------------|--------------------------|-------------------|
| Net revenues from external customers                    |                           |                          |                   |
| North America                                           | \$ 497,941                | \$ 484,163               | 2.8 %             |
| Europe                                                  | 301,687                   | 242,322                  | 24.5 %            |
| Australasia                                             | 146,551                   | 121,368                  | 20.7 %            |
| Total Consolidated                                      | <u>\$ 946,179</u>         | <u>\$ 847,853</u>        | 11.6 %            |
| Percentage of total consolidated net revenues           |                           |                          |                   |
| North America                                           | 52.6%                     | 57.1%                    |                   |
| Europe                                                  | 31.9%                     | 28.6%                    |                   |
| Australasia                                             | 15.5%                     | 14.3%                    |                   |
| Total Consolidated                                      | <u>100.0%</u>             | <u>100.0%</u>            |                   |
| Adjusted EBITDA <sup>(1)</sup>                          |                           |                          |                   |
| North America                                           | \$ 47,035                 | \$ 50,178                | (6.3) %           |
| Europe                                                  | 33,807                    | 27,205                   | 24.3 %            |
| Australasia                                             | 16,742                    | 13,249                   | 26.4 %            |
| Corporate and Unallocated costs                         | (9,752)                   | (9,670)                  | 0.8 %             |
| Total Consolidated                                      | <u>\$ 87,832</u>          | <u>\$ 80,962</u>         | 8.5 %             |
| Adjusted EBITDA as a percentage of segment net revenues |                           |                          |                   |
| North America                                           | 9.4%                      | 10.4%                    |                   |
| Europe                                                  | 11.2%                     | 11.2%                    |                   |
| Australasia                                             | 11.4%                     | 10.9%                    |                   |
| Total Consolidated                                      | 9.3%                      | 9.5%                     |                   |

(1) Adjusted EBITDA is a financial measure that is not calculated in accordance with GAAP. For a discussion of our presentation of Adjusted EBITDA, see Note 13 - *Segment Information* .

#### North America

Net revenues in North America increased \$13.8 million , or 2.8% , to \$497.9 million in the three months ended March 31, 2018 from \$484.2 million in the three months ended April 1, 2017 . The increase in net revenues was primarily due to the acquisition of MMI Door, which provided a 4% increase. This was partially offset by a decrease in core net revenues of 2% comprised of favorable pricing of 1% , offset by a decrease in volume/mix of 3% . The decrease in volume/mix was primarily driven by activity in our retail channel, including the impact of the previously announced business line rationalization in Florida and reduced volume in our windows business.

Adjusted EBITDA in North America decreased \$3.1 million , or 6.3% , to \$47.0 million in the three months ended March 31, 2018 from \$50.2 million in the three months ended April 1, 2017 . The decrease in Adjusted EBITDA was primarily due to a lag in pricing to offset inflation in material and freight, lower core volumes, and the impact of the MMI Door acquisition.

#### *Europe*

Net revenues in Europe increased \$59.4 million , or 24.5% , to \$301.7 million in the three months ended March 31, 2018 from \$242.3 million in the three months ended April 1, 2017 . The increase in net revenues was primarily due to acquisitions of Mattioli and Domoferm which provided a 9% increase. Core net revenues increased 2% which was comprised of an increase in volume/mix of approximately 1% , and favorable pricing of approximately 1% . Favorable foreign exchange rates added an additional 13% increase in net revenues.

Adjusted EBITDA in Europe increased \$6.6 million , or 24.3% , to \$33.8 million in the three months ended March 31, 2018 from \$27.2 million in the three months ended April 1, 2017 . The increase in Adjusted EBITDA was primarily due to favorable pricing, our recent acquisitions of Mattioli and Domoferm, partially offset by inflation.

#### *Australasia*

Net revenues in Australasia increased \$25.2 million , or 20.7% , to \$146.6 million in the three months ended March 31, 2018 from \$121.4 million in the three months ended April 1, 2017 . The increase in net revenues was primarily due to the acquisitions of Kolder and A&L which provided a 13% increase in net revenues. Core net revenues increased 4% , primarily due to increase in volume/mix of 4% . Favorable foreign exchange rates added an additional 4% increase in net revenues.

Adjusted EBITDA in Australasia increased \$3.5 million , or 26.4% , to \$16.7 million in the three months ended March 31, 2018 from \$13.2 million in the three months ended April 1, 2017 . The increase in Adjusted EBITDA was primarily due to the acquisitions of Kolder and A&L as well as our pricing initiatives, partially offset by material inflation.

### **Liquidity and Capital Resources**

#### ***Overview***

We have historically funded our operations through a combination of cash from operations, draws on our revolving credit facilities, and the issuance of non-revolving debt such as our Term Loan Facility and Senior Notes. As of March 31, 2018 , we had total liquidity (a non-GAAP measure) of \$334.0 million , which included \$103.0 million in cash, \$157.2 million available for borrowing under the ABL Facility, AUD \$15.0 million ( \$11.5 million ) available for borrowing under the Australia Senior Secured Credit Facility, € 38.6 million ( \$47.6 million ) available for borrowing under the Euro Revolving Facility, \$12.8 million available for borrowing under the recently acquired revolving credit facility and € 1.6 million ( \$1.9 million ) under other various overdraft facilities acquired. This compares to total liquidity of \$512.2 million as of December 31, 2017 . The decrease in total liquidity at March 31, 2018 compared to December 31, 2017 was primarily due to cash paid for acquisitions, lower availability under our ABL Facility, and cash used by operations.

As of March 31, 2018 , our cash balances, including \$0.3 million of restricted cash, consisted of \$12.7 million in the U.S. and \$90.6 million in non-U.S. subsidiaries. Based on our current level of operations, the seasonality of our business and anticipated growth, we believe that cash provided by operations and other sources of liquidity, including cash, cash equivalents and borrowings under our revolving credit facilities, will provide adequate liquidity for ongoing operations, planned capital expenditures and other investments, and debt service requirements for at least the next twelve months.

We may, from time to time, refinance, reprice, extend, retire or otherwise modify our outstanding debt to lower our interest payments, reduce our debt or otherwise improve our financial position. These actions may include repricing amendments, extensions, and/or opportunistic refinancing of debt. The amount of debt that may be refinanced, re-priced, extended, retired or otherwise modified, if any, will depend on market conditions, trading levels of our debt, our cash position, compliance with debt covenants and other considerations. Our affiliates may also purchase our debt from time to time, through open market purchases or other transactions. In such cases, our debt may not be retired, in which case we would continue to pay interest in accordance with the terms of the debt, and we would continue to reflect the debt as outstanding in our consolidated balance sheets.

A hypothetical increase or decrease in interest rates of 1.0% (based on variable rate debt if revolving credit facilities were fully drawn) would have increased or decreased our interest expense by \$2.3 million for the three months ended March 31, 2018 .

***Borrowings and Refinancings***

In July 2015 and November 2016, we borrowed an additional \$480 million and \$375 million, respectively, under the Corporate Credit Facilities primarily to fund distributions to our shareholders. On February 6, 2017, we repaid \$375 million under our Corporate Credit Facilities. On March 7, 2017, we amended the Term Loan Facility to reduce the interest rate applicable to all outstanding terms loans. In December 2017, we issued \$800.0 million of unsecured Senior Notes, re-priced and amended the Term Loan Facility, and repaid \$787.4 million of outstanding term loan borrowings with the net proceeds from the Senior Notes. The December 2017 refinancing transactions reduced our overall interest rates and modified other terms and provisions, including providing for additional covenant flexibility and additional capacity under the Term Loan Facility. Accordingly, our results have been and will be impacted by substantial changes in our net interest expense throughout the periods presented and in the future. See Note 11 - *Long-Term Debt* for further details.

***Cash Flows***

The following table summarizes the changes to our cash flows for the periods presented:

| <u>(amounts in thousands)</u>                                    | <b>Three Months Ended</b> |                          |
|------------------------------------------------------------------|---------------------------|--------------------------|
|                                                                  | <b>March 31,<br/>2018</b> | <b>April 1,<br/>2017</b> |
| Cash (used in) provided by:                                      |                           |                          |
| Operating activities                                             | \$ (65,312)               | \$ (9,245)               |
| Investing activities                                             | (191,830)                 | (7,736)                  |
| Financing activities                                             | 107,414                   | 98,307                   |
| Effect of changes in exchange rates on cash and cash equivalents | (3,206)                   | 1,710                    |
| Net change in cash and cash equivalents                          | <u>\$ (152,934)</u>       | <u>\$ 83,036</u>         |

***Cash Flow from Operations***

Net cash used in operating activities increased \$56.1 million to \$65.3 million in the three months ended March 31, 2018 from \$9.2 million in the three months ended April 1, 2017. This increase was primarily due to seasonality in working capital usage and planned increases in seasonal inventory in certain product lines.

***Cash Flow from Investing Activities***

Net cash used in investing activities increased \$184.1 million to \$191.8 million in the three months ended March 31, 2018 from \$7.7 million in the three months ended April 1, 2017. The increase was primarily due to acquisitions during the year, as well as an increase in capital expenditures compared to the prior period.

***Cash Flow from Financing Activities***

Net cash provided by financing activities was \$107.4 million in the three months ended March 31, 2018 and was comprised primarily of increased borrowings of \$111.7 million.

Net cash provided by financing activities in the three months ended April 1, 2017 was \$98.3 million and comprised primarily of proceeds from the IPO of \$480.3 million of which \$375.0 million of proceeds were used to partially repay outstanding debt.

***Holding Company Status***

We are a holding company that conducts all of our operations through subsidiaries. The majority of our operating income is derived from JWI, our main operating subsidiary. Consequently, we rely on dividends or advances from our subsidiaries. The ability of our subsidiaries to pay dividends to us is subject to applicable local law and may be limited due to the terms of other contractual arrangements, including our Credit Facilities and the Senior Notes.

The Euro Revolving Facility and Australia Senior Secured Credit Facility also contain restrictions on dividends that limit the amount of cash that the obligors under these facilities can distribute to JWI. Obligors under the Euro Revolving Facility may pay dividends only out of available cash flow and only while no default is continuing under such agreement. Obligors under the

Australia Senior Secured Credit Facility may pay dividends only to the extent they do not exceed 80% of after tax net profits (with a one-year carryforward of unused amounts) and only while no default is continuing under such agreement. For further information regarding the Euro Revolving Facility and the Australia Senior Secured Credit Facility, see Note 11 - *Long-Term Debt*.

The amount of our consolidated net assets that were available to be distributed under our credit facilities as of March 31, 2018 was \$386.0 million .

### **Off-Balance Sheet Arrangements**

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources.

### **Critical Accounting Policies and Estimates**

Our significant accounting policies are described in Note 1 - *Description of Company and Summary of Significant Accounting Policies* to the consolidated financial statements presented in our Form 10-K. Our critical accounting policies and estimates are described in Management's Discussion and Analysis of Financial Condition and Results of Operations in our Form 10-K. Our significant and critical accounting policies have not changed significantly since the filing of our Form 10-K.

### **Item 3 - Quantitative and Qualitative Disclosures About Market Risk**

We are exposed to various types of market risks, including the effects of adverse fluctuations in foreign currency exchange rates, adverse changes in interest rates, and adverse movements in commodity prices for products we use in our manufacturing. To reduce our exposure to these risks, we maintain risk management controls and policies to monitor these risks and take appropriate actions to attempt to mitigate such forms of market risk. Our market risks have not changed significantly from those disclosed in the Form 10-K, as updated and supplemented by the risk factors disclosed herein.

### **Item 4 - Controls and Procedures**

#### Disclosure Controls and Procedures

The Company maintains a system of disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), which is designed to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act, including this Report, is recorded, processed, summarized and reported on a timely basis. These disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed by the Company under the Exchange Act is accumulated and communicated to the Company's management on a timely basis to allow decisions regarding required disclosure

The Company's management, including the Company's principal executive officer ("CEO") and principal financial officer ("CFO") conducted an evaluation of the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by this Report and, based on that evaluation, the CEO and CFO concluded that the Company's disclosure controls and procedures were ineffective as of March 31, 2018.

#### Remediation Plan for Material Weaknesses

The Company addressed the material weaknesses related to income taxes described in the Company's 2017 Annual Report on Form 10-K. As noted therein, the Company's management implemented a remediation plan to address the control deficiencies that led to the material weaknesses.

While management believes that it now has the requisite personnel to operate the controls in the tax function as designed and maintain internal control over financial reporting related to accounting for income taxes, management has determined that a sustained period of operating effectiveness is required to conclude that the controls are operating effectively. Based on its evaluation, the controls described above have not had sufficient time for management to conclude that they are operating effectively. Therefore, the material weaknesses described above will continue to exist until the controls described above have had sufficient time for management to conclude that they are operating effectively.

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#### Changes in Internal Control Over Financial Reporting

There were no changes in our internal controls over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the Company's most recently completed quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

## **PART II - OTHER INFORMATION**

### **Item 1 - Legal Proceedings**

We are involved in various legal proceedings, claims, and government audits arising in the ordinary course of business. We record our best estimate of a loss, including estimated defense costs, when the loss is considered probable and the amount of such loss can be reasonably estimated. When a loss is probable and there is a range of estimated loss with no best estimate within the range, we record the minimum estimated liability related to the lawsuit or claim. As additional information becomes available, we assess the potential liability related to pending litigation and claims and revise our accruals if necessary. Because of uncertainties related to the resolution of lawsuits and claims, the ultimate outcome may differ materially from our estimates. In the opinion of management and based on the liability accruals provided, our ultimate exposure with respect to these lawsuits and claims is not expected to have a material adverse effect on our unaudited consolidated financial position or cash flows, although they could have a material adverse effect on our operating results for a particular reporting period.

#### *Steves & Sons Litigation*

We sell molded door skins to certain customers pursuant to long-term contracts, and these customers in turn use the molded door skins to manufacture interior doors and compete directly against us in the marketplace. We have given notice of termination of one of these contracts and, on June 29, 2016, the counterparty to the agreement, Steves and Sons, Inc. (“Steves”) filed a claim against JWI in the U.S. District Court for the Eastern District of Virginia, Richmond Division (“Eastern District of Virginia”). The complaint alleges that our acquisition of CMI, together with subsequent price increases and other alleged acts and omissions, violated antitrust laws and constituted a breach of contract, and breach of warranty. The complaint seeks declaratory relief, ordinary and treble damages, and injunctive relief, including divestiture of certain assets acquired in the CMI acquisition.

On February 15, 2018, a jury in the Eastern District of Virginia returned a verdict that was unfavorable to JWI with respect to Steves’ claims that our acquisition of CMI violated Section 7 of the Clayton Act and that JWI breached the supply agreement between the parties. The verdict awards Steves \$12,151,873 for past damages under both the Clayton Act and breach of contract claims and \$46,480,581 in future lost profits under the Clayton Act claim. We expect that Steves will be required to elect to recover its past damages either under the Clayton Act claims or the contract claims, but not both. If a judgment is entered under the Clayton Act, any damages awarded will be trebled. In addition, if a judgment is entered under either theory in accordance with the verdict, Steves will be entitled to an award of attorney’s fees, which amounts have not yet been quantified. We have asserted a position that, because future lost profits were awarded, Steves is not permitted to pursue its claim for divestiture of certain assets acquired in the CMI acquisition. The court has not yet ruled on this issue. An evidentiary hearing on equitable remedies, including divestiture, was held in April 2018. The parties are preparing post-hearing briefs.

We intend to vigorously oppose entry of an adverse judgment, and to appeal any adverse judgment that may be entered. We continue to believe that Steves’ claims lack merit, Steves’ damages calculations are speculative and excessive, and Steves is not entitled in any event to the extraordinary remedy of divestiture. We believe that multiple pretrial and trial rulings were erroneous and improperly limited the Company’s defenses, and that judgment in accordance with the verdict would be improper for several reasons under applicable law. Accordingly, we do not believe that a loss in this matter is probable and estimable, and therefore, we have not accrued a reserve for this loss contingency. However, if a judgment is entered in accordance with the verdict and is ultimately upheld after exhaustion of our appellate remedies, it could have a material adverse effect on our financial position, operating results, or cash flows, particularly for the reporting period in which a loss is recorded. Because the operations acquired from CMI have been fully integrated into the Company’s other operations, divestiture of those operations would be difficult if not impossible and therefore it is not possible to estimate the cost of any final divestiture order or the extent to which such an order would have a material adverse effect on our financial position, operating results or cash flows.

During the course of the proceedings in the Eastern District of Virginia, we discovered certain facts that led us to conclude that Steves, its principals, and certain former employees of the Company had misappropriated Company trade secrets, violated the terms of various agreements between the Company and those parties, and violated other laws. We have asserted claims against certain of those parties in the Eastern District of Virginia and in the District Court of Bexar County, Texas, and are pursuing those claims vigorously. Trial of our claims against Steves and others in the Eastern District of Virginia related to misappropriation of trade secrets began April 30, 2018. Our other claims remain pending in Bexar County, Texas, and are set for trial in October 2018.

### **Item 1A - Risk Factors**

There have been no updates to the risk factors previously disclosed in “Part I, Item 1A Risk Factors” in our Form 10-K.



**Item 2 - Unregistered Sales of Equity Securities and Use of Proceeds**

None.

**Item 5 - Other Information**

None.

**Item 6 - Exhibits**

| Exhibit No. | Exhibit Description                                                                                                                                                    | Form | File No. | Exhibit | Filing Date |
|-------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|----------|---------|-------------|
| 10.1+*      | <a href="#">Consulting Services Agreement between JELD-WEN Holding, Inc. and Kirk Hachigian, effective February 27, 2018.</a>                                          |      |          |         |             |
| 31.1*       | <a href="#">Certification of Principal Executive Officer Pursuant to Rule 13a-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>         |      |          |         |             |
| 31.2*       | <a href="#">Certification of Principal Financial Officer Pursuant to Rule 13a-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>         |      |          |         |             |
| 32.1*       | <a href="#">Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a> |      |          |         |             |
| 101.INS*    | XBRL Instance Document.                                                                                                                                                |      |          |         |             |
| 101.SCH*    | XBRL Taxonomy Extension Schema Document.                                                                                                                               |      |          |         |             |
| 101.CAL*    | XBRL Taxonomy Extension Calculation Linkbase Document.                                                                                                                 |      |          |         |             |
| 101.DEF*    | XBRL Taxonomy Extension Definition Linkbase Document.                                                                                                                  |      |          |         |             |
| 101.LAB*    | XBRL Taxonomy Extension Label Linkbase Document.                                                                                                                       |      |          |         |             |
| 101.PRE*    | XBRL Taxonomy Extension Presentation Linkbase Document.                                                                                                                |      |          |         |             |
| *           | Filed herewith.                                                                                                                                                        |      |          |         |             |
| +           | Indicates management contract or compensatory plan                                                                                                                     |      |          |         |             |

**SIGNATURE**

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

**JELD-WEN HOLDING, INC.**

(Registrant)

By: /s/ L. Brooks Mallard

L. Brooks Mallard

Chief Financial Officer

Date: May 8, 2018



## CONSULTING SERVICES AGREEMENT

With an Effective Date of February 27, 2018, this Consulting Services Agreement (the "Agreement") is entered into between:

JELD-WEN Holding, Inc. 2645 Silver  
Crescent Dr.  
Charlotte, NC 28273  
("JELD-WEN")

- and -

Kirk Hachigian  
6 Inwood Oaks Dr.  
Houston, TX 77024  
("Consultant")

WHEREAS, JELD-WEN is a Delaware corporation whose shares are publicly traded on the New York Stock Exchange;

WHEREAS, as of the Effective Date, the office of President and Chief Executive Officer of JELD-WEN was vacated;

WHEREAS, the Board of Directors of JELD-WEN is engaged in a search to locate a new President and Chief Executive Officer; and

WHEREAS, Consultant previously served as President and Chief Executive Officer of JELD-WEN, currently serves as Chairman of the Board of Directors, and is willing pursuant to the request of the Board of Directors to act in the role of Chief Executive Officer as a consultant on an interim basis;

NOW, THEREFORE, the parties have agreed as follows:

**1. Services.** Consultant agrees to provide services typically required and expected of a chief executive officer of a publicly traded company and/or as may be otherwise agreed between Consultant and the Board of Directors (the "Services"). Consultant shall determine the manner in which Services are to be performed and the specific hours to be worked by Consultant. Consultant shall devote such time as he reasonably believes necessary to performing the Services and may delegate to other executives of JELD-WEN such duties and responsibilities as he deems reasonable in his business judgment.

**2. Payment.** JELD-WEN agrees to pay Consultant for Services performed a biweekly consulting fee of \$76,923, plus expenses. Additionally, on the Effective Date, Consultant received under JELD-WEN's Omnibus Equity Plan (the "Plan") a grant of 314,267 restricted stock units, which are governed by the terms of an award agreement and of the Plan. The foregoing is the sole remuneration to which Consultant is entitled for Services under this Agreement.

3. **Expenses.** Consultant is entitled to reimbursement of reasonable and necessary business expenses on the same basis as other executives of JELD-WEN. In addition, Consultant is entitled to the use of Company aircraft for business travel, including for purposes of travelling to and from JELD-WEN locations.

4. **Confidential Information.** Consultant understands and acknowledges that during the course of the Agreement, Consultant will have access to and learn about Confidential Information, as defined below.

(a) Confidential Information Defined.

For purposes of this Agreement, "Confidential Information" includes, but is not limited to, all information not generally known to the public, in spoken, printed, electronic, or any other form or medium, relating directly or indirectly to: business processes, practices, methods, policies, plans, documents, research, operations, strategies, techniques, agreements, contracts, terms of agreements, transactions, potential transactions, negotiations, pending negotiations, know-how, trade secrets, operating systems, work-in-process, databases, manuals, records, systems, material, sources of material, supplier information, vendor information, financial information, results, accounting information, accounting records, legal information, marketing information, advertising information, pricing information, credit information, design information, payroll information, staffing information, personnel information, associate lists, supplier lists, vendor lists, developments, internal controls, security procedures, drawings, sketches, market studies, sales information, revenue, costs, formulae, notes, communications, algorithms, product plans, designs, styles, models, ideas, inventions, unpublished patent applications, discoveries, experimental processes, experimental results, specifications, customer information, customer lists, client information, client lists, manufacturing information, distributor lists, and buyer lists of JELD-WEN or its businesses or any existing or prospective customer, supplier, investor, or other associated third party, or of any other person or entity that has entrusted information to JELD-WEN in confidence.

Consultant understands that the above list is not exhaustive, and that Confidential Information also includes other information that is marked or otherwise identified or treated as confidential or proprietary, or that would otherwise appear to a reasonable person to be confidential or proprietary in the context and circumstances in which the information is known or used.

Consultant understands and agrees that Confidential Information includes information developed by Consultant in the course of the Agreement as if JELD-WEN furnished the same Confidential Information to Consultant in the first instance. Confidential Information shall not include information that is generally available to and known by the public at the time of disclosure to Consultant, provided that the disclosure is through no direct or indirect fault of Consultant or person(s) acting on the Consultant's behalf.

(b) JELD-WEN Creation and Use of Confidential Information.

Consultant understands and acknowledges that JELD-WEN has invested, and continues to invest, substantial time, money, and specialized knowledge into developing its resources, creating a customer base, generating customer and potential customer lists, training its associates, and improving its offerings in the field of door, window, trim, and building supplies manufacturing and distribution. Consultant understands and acknowledges that as a result of these efforts, JELD-WEN has created, and continues to use and create, Confidential Information. This Confidential Information provides JELD-WEN with a competitive advantage over others in the marketplace.

(c) Disclosure and Use Restrictions.

Nothing herein voids, alters, or modifies the Consultant's obligations under the JELD-WEN's Code of Business Conduct and Ethics, or any other confidentiality agreement entered into by Consultant and JELD-WEN.

(d) Reporting Policy and Protections.

Consultant acknowledges receipt of the JELD-WEN's Code of Business Conduct and Ethics setting forth the JELD-WEN's reporting policy for a suspected violation of law; and Policy 119, setting forth notice of immunity from criminal and civil liability for certain disclosures of trade secrets under 18 U.S.C. § 1833(b).

(e) Other Permitted Disclosures.

Nothing in this Agreement shall be construed to prevent disclosure of Confidential Information as may be required by applicable law or regulation, or pursuant to the valid order of a court of competent jurisdiction or an authorized government agency, provided that the disclosure does not exceed the extent of disclosure required by such law, regulation, or order. Consultant shall promptly provide written notice of any such order to an authorized officer of JELD-WEN.

Nothing in this Agreement prohibits or restricts Consultant (or Consultant's attorney) from initiating communications directly with, responding to an inquiry from, or providing testimony before the Securities and Exchange Commission (SEC), any other self-regulatory organization, or any other federal or state regulatory authority regarding this Agreement or its underlying facts or circumstances or a possible securities law violation.

**5. Work Product.**

a) JELD-WEN and Consultant each acknowledge that performance of this Agreement may result in the discovery, creation or development of inventions, media content ( e.g., artwork, layouts, photographs, videos, images), processes, improvements, software, computer programs, strategies, know-how, data, and other inventions and works of authorship (collectively, "Work Product"). To the fullest extent eligible under applicable law, Work Product shall be work made

for hire for JELD-WEN under the Copyright Act. Consultant agrees that JELD-WEN shall own the Work Product from the moment of conception of such Work Product, including all copyright, trade secret, trademark, patent and all other intellectual property rights arising therefrom, worldwide.

b) To the extent any Work Product incorporates or utilizes any intellectual property or publicity right of any third party, Consultant shall obtain all consents and licenses required to permit JELD-WEN and its successors, licensees and assigns to use the Work Product for any lawful purpose, and shall provide JELD-WEN with documentation specifically identifying such material and establishing JELD-WEN's right to do so.

c) If and to the extent that Consultant may have any ownership interest in any Work Product, Consultant hereby transfers, grants, conveys, assigns and relinquishes exclusively to JELD-WEN any and all right, title and interest it now has or may hereafter acquire in and to any and all Work Product under patent, copyright, trade secret, trademark, and all other intellectual property laws. Consultant waives any moral rights in the Work Product, unless such waiver is prohibited by law.

d) At JELD-WEN's expense, and for no additional compensation, Consultant shall cooperate fully and promptly with JELD-WEN and execute any documents that JELD-WEN may request in order to seek, document, enhance, or defend any intellectual property right in or to any Work Product. Consultant further appoints JELD-WEN (and its authorized agents) as its agent and attorney-in-fact to take any action to obtain intellectual property, or other kinds of legal protection in Work Product, to assign those rights to JELD-WEN, and to protect those rights from infringement. This appointment and power of attorney are irrevocable. Any action taken by JELD-WEN under this power of attorney will have the same legal effect as if taken by Consultant directly.

**6. Warranties.** Consultant represents and warrants that: (a) he shall at all times comply with any JELD-WEN and applicable third-party policies, guidelines, rules and procedures of which JELD-WEN makes Consultant aware; (b) Consultant's performance hereunder shall not violate or infringe any third party rights, including, without limitation, any United States or foreign copyright, patent, trademark, trade secret or other proprietary or privacy right; (c) he shall at all times comply with all applicable federal, state and local laws, rules and regulations in the performance of Services; (d) he has full right, power and authority to enter into this Agreement and perform the Services; and (e) his entry into and performance of this Agreement does not violate any third-party rights.

**7. Term and Termination.** The term of this Agreement shall commence as of the Effective Date and shall expire upon written notice by either party. In the event of termination other than due to Consultant's breach, JELD-WEN shall be responsible for paying Consultant for those Services satisfactorily performed and completed prior to the date of termination. JELD-WEN shall have no liability to Consultant for any claims or expenses arising from expiration or termination of this Agreement, including claims for lost profits or lost business opportunities.

**8. Return of Materials.** Upon request by JELD-WEN, Consultant shall return to JELD-WEN any and all documents (including, without limitation, all Confidential Information and Work Product), in any form or medium, together with all copies thereof, and any other material containing

or in any way referencing any JELD-WEN information or data, as well as all third-party information or data provided by JELD-WEN.

**9. Indemnification and Insurance.**

a) JELD-WEN and Consultant acknowledge that the Indemnification Agreement currently in place between the parties in connection with Consultant's service as Chairman of the Board shall extend to cover Consultant's performance of the Services.

b) JELD-WEN agrees that Consultant shall be covered as a named insured under the Company's Directors' and Officers' liability insurance.

**10. General.**

a) **Independent Consultant.** Consultant represents and warrants that it is an independent contractor for all purposes under applicable laws. Nothing in this Agreement shall be construed to create a relationship of employer and employee between JELD-WEN and Consultant or any Consultant employee. Consultant shall not be eligible to participate in any of JELD-WEN's employee benefit plans, fringe benefit programs, group insurance arrangements or similar programs. Consultant shall be solely responsible for all federal, state, and local taxes due with respect to compensation, salary, and wages paid to Consultant. Consultant agrees that Consultant, and not JELD-WEN, is solely responsible for carrying or obtaining workers' compensation insurance, disability insurance, Social Security, unemployment compensation insurance and any other insurance or statutory benefit for the benefit of Consultant's employees. Consultant represents and warrants that Consultant has obtained any and all registrations and licenses required by law for Consultant to perform the Services. Consultant will file state and federal income tax returns in the name of the business, or if Consultant is an individual, will file a Schedule C as part of Consultant's personal income tax return. Consultant will pay all payroll taxes due and owing as a result of income received under this Agreement.

b) **No Assignment.** Consultant may not assign any of its rights or delegate or subcontract any of its duties under this Agreement without the prior written consent of JELD-WEN.

c) **Notices.** All notices, consents, waivers, and other communications under this Agreement must be in writing and shall be deemed to have been duly given when: (a) delivered by hand (with written confirmation of receipt); (b) received by the addressee, if sent by a nationally recognized overnight delivery service; or (c) sent by email with email confirmation of receipt, in each case to the address first set forth above (or to such other point of contact as either party may designate by notice to the other party).

d) **Choice of Law and Forum.** The laws of the State of North Carolina, excluding its conflict of law rules, shall govern the interpretation, validity and performance of this Agreement.

Exclusive jurisdiction and venue for any dispute pursuant to this Agreement shall be in the state and federal courts of North Carolina.

e) **Attorney Fees.** The prevailing party in any arbitration or litigation arising from a dispute between the parties shall be entitled to recover all reasonable expenses thereof, including attorneys' fees in connection with such proceedings and any appeal thereof.

f) **Waiver of Breach.** A waiver of any breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach.

g) **Entire Agreement.** This Agreement is the complete and exclusive statement of the parties' agreement with respect to the subject matter hereof and supersedes and cancels all previous and contemporaneous written and oral agreements and communications relating to such subject matter. This Agreement may not be modified except in a writing executed by an authorized representative of each party.

h) **Binding Effect.** This Agreement binds and benefits the parties and their respective successors, heirs, representatives and assigns.

i) **Interpretation.** This Agreement shall be deemed to have been negotiated and prepared jointly by JELD-WEN and Consultant. Any ambiguity or uncertainty existing herein shall not be interpreted or construed against any party.

j) **Survival.** The provisions contained in this Agreement that by their sense and context are intended to survive the expiration or termination of this Agreement, including but not limited to Sections 3, 4, 5, and 7 shall survive such expiration or termination.

k) **Captions.** The captions used in this Agreement are provided for convenience only and shall not affect the meaning or interpretation of any provision herein.

l) **Severability.** If any provision of this Agreement is or becomes illegal, invalid or void under any applicable state or federal law under which performance hereunder is required, such provision shall be considered severable, and the remaining provisions hereof shall not be impaired, and this Agreement shall be interpreted as far as possible so as to give effect to its stated purpose.

m) **Remedies.** The remedies set forth in this Agreement are intended to be cumulative. In addition to any specific remedy, JELD-WEN reserves any and all other remedies that may be available at law or in equity.

IN WITNESS HEREOF, this Agreement is executed and made effective as of the Effective Date written above.



**JELD-WEN Holding, Inc.**

Signature: /s/ Bruce Taten

Name: Bruce Taten

Title: Chair, Compensation Committee

Date: May 8, 2018

**Kirk Hachigian**

Signature: /s/ Kirk Hachigian

Name: Kirk Hachigian

Title: Chairman

Date: April 18, 2018

**CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF  
THE SARBANES-OXLEY ACT OF 2002**

I, Kirk Hachigian, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the fiscal period ended March 31, 2018 of JELD-WEN Holding, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2018

/s/ Kirk Hachigian  
Kirk Hachigian  
Chairman and Acting Chief Executive Officer  
(Principal Executive Officer)

**CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF  
THE SARBANES-OXLEY ACT OF 2002**

I, L. Brooks Mallard, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the fiscal period ended March 31, 2018 of JELD-WEN Holding, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; and
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2018

/s/ L. Brooks Mallard

L. Brooks Mallard

Executive Vice President and Chief Financial Officer (Principal Financial Officer)

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO SECTION 906  
OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to 18 U.S.C. §1350, we, the undersigned officers of JELD-WEN Holding, Inc. (the “Company”), do hereby certify that the Company's Quarterly Report on Form 10-Q for the fiscal period ended March 31, 2018 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 8, 2018

/s/ Kirk Hachigian

Kirk Hachigian

Chairman and Acting Chief Executive Officer (Principal Executive Officer)

/s/ L. Brooks Mallard

L. Brooks Mallard

Executive Vice President and Chief Financial Officer (Principal Financial Officer)

The foregoing certification is being furnished solely pursuant to 18 U.S.C. §1350 and is not being filed as part of the Report or as a separate disclosure document.