Bank of America Merrill Lynch 2019 Consumer & Retail Technology Conference

March 12, 2019

Trevor Lang
EVP, Chief Financial Officer

Forward-Looking Statements

This presentation and the associated webcast contain forward-looking statements, including with respect to the Company's estimated net sales, comparable store sales growth, diluted EPS, diluted weighted average shares outstanding, Adjusted EBITDA, warehouse format store count and new warehouse format stores for both the thirteen weeks ended March 28, 2019, and all of fiscal 2019 and with respect to the Company's estimated depreciation and amortization expenses, interest expense, tax rate and capital expenditures for fiscal 2019. All statements other than statements of historical fact contained in this presentation and the associated webcast, including statements regarding the Company's future operating results and financial position, business strategy and plans and objectives of management for future operations, are forward-looking statements. These statements are based on our current expectations, assumptions, estimates and projections. These statements involve known and unknown risks, uncertainties and other important factors that may cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements are based on management's current expectations and assumptions regarding the Company's business, the economy and other future conditions, including the impact of recent natural disasters on sales.

In some cases, you can identify forward-looking statements by terms such as "may," "will," "should," "expects," "intends," "plans," "anticipates," "could," "seeks," "intends," "target," "projects," "contemplates," "believes," "estimates," "predicts," "budget," "potential," "focused on" or "continue" or the negative of these terms or other similar expressions. The forward-looking statements contained in this presentation and the associated webcast are only predictions. Although the Company believes that the expectations reflected in the forward-looking statements in this presentation and the associated webcast are reasonable, the Company cannot guarantee future events, results, performance or achievements. A number of important factors could cause actual results to differ materially from those indicated by the forward-looking statements in this presentation and the associated webcast, including, without limitation, those factors described in "Forward-Looking Statements," Item 1, "Business" and Item 1A, "Risk Factors" of Part I and Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" of Part II of the Company's Annual Report for fiscal 2018 filed with the Securities and Exchange Commission on February 25, 2019 (the "Annual Report") and elsewhere in the Annual Report.

Because forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified, you should not rely on these forward-looking statements as predictions of future events. The forward-looking statements contained in this release or the associated webcast speak only as of the date hereof. New risks and uncertainties arise over time, and it is not possible for the Company to predict those events or how they may affect the Company. If a change to the events and circumstances reflected in the Company's forward-looking statements occurs, the Company's business, financial condition and operating results may vary materially from those expressed in the Company's forward-looking statements. Except as required by applicable law, the Company does not plan to publicly update or revise any forward-looking statements contained herein or in the associated webcast/conference call, whether as a result of any new information, future events or otherwise, including the Company's estimated net sales, comparable store sales growth, diluted EPS, diluted weighted average shares outstanding, Adjusted EBITDA, warehouse format store count and new warehouse format stores for both the thirteen weeks ended March 28, 2019, and all of fiscal 2019 and with respect to the Company's estimated depreciation and amortization expenses, interest expense, tax rate and capital expenditures for fiscal 2019.

This presentation includes certain non-GAAP financial measures, including EBITDA and Adjusted EBITDA. These non-GAAP financial measures should be considered only as supplemental to, and not as superior to, financial measures prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). Please refer to the slide labeled "Non-GAAP Financial Measures," in the Appendix of this presentation for a reconciliation of the non-GAAP financial measures included in this presentation to the most directly comparable financial measures prepared in accordance with GAAP.

Floor & Decor at a Glance

FLOOR & DECOR
TILE • WOOD • STONE

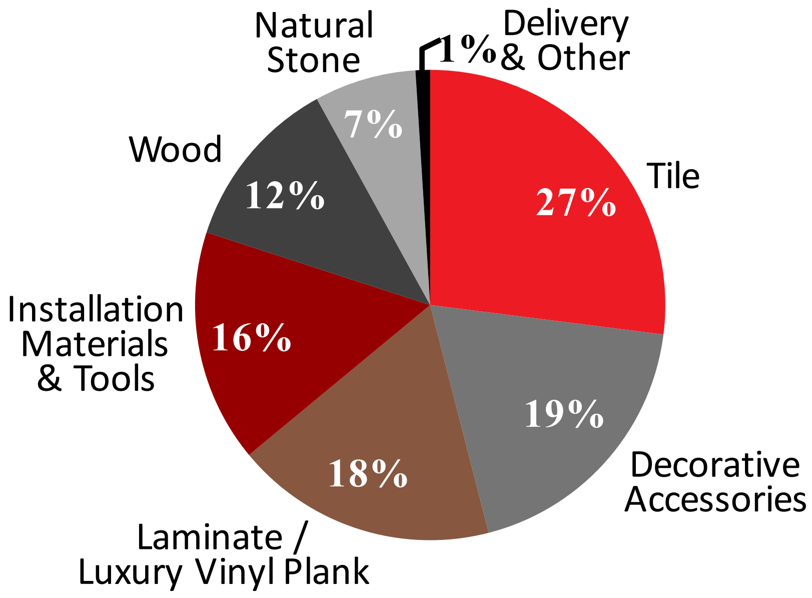
Highly differentiated, multi-channel specialty retailer of hard surface flooring and accessories

- Broad, trend-right assortment and in-stock inventory
- Everyday low price strategy
- Good / Better / Best merchandise selection
- Service-oriented sales culture
- Unique direct sourcing supply chain

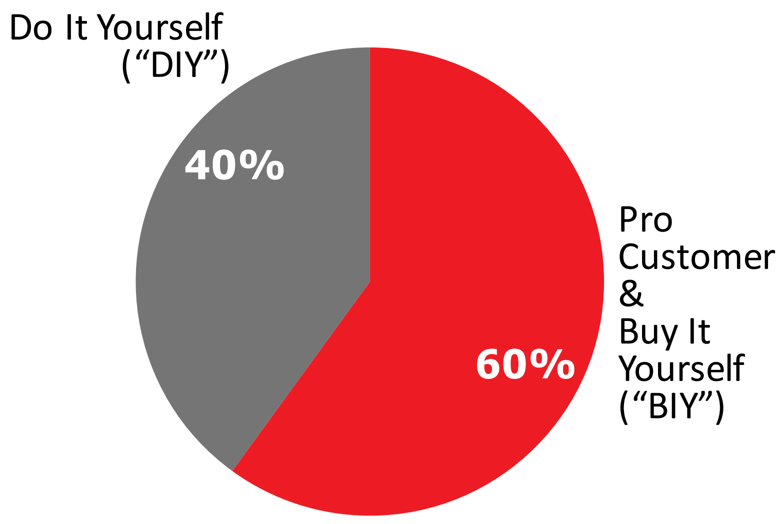
One-stop shopping experience, with extensive service offering for the needs of all customers

Ten consecutive years of <u>double-digit</u> comparable store sales growth (3)

Diversified Product Breadth (1)



Two Key Customer Segments (2)



Key Statistics as of 12/27/2018

Store Count (4)	100
Net Sales	$1,710 billion
Comparable Store Sales Growth (5)	10.0%
Adj. EBITDA (6)	$192 million

(1) Represents fiscal 2018 sales by category.
(2) Represents estimated sales by customer.
(3) Excluding the impact on the Houston market due to Hurricane Harvey.
(4) Excludes one small 5,500 square foot design center in New Orleans, LA.
(5) Comparable store sales growth increased 9.2% from fiscal 2017, or 10.0% excluding the impact on the Houston market due to Hurricane Harvey.
(6) Non-GAAP financial measure. Please see "Non-GAAP Measures" and "Historical EBITDA Reconciliation" for more information.

A Business Model and Value Proposition Like No Other

		FLOOR & DECOR TILE • WOOD • STONE	Specialty Lumber Flooring Company	Specialty Tile Flooring Company	Home Improvement Centers	Independent Stores
Estimated Hard Surface Flooring Size per Store (sq. ft.)		~75,000 (1)	~6,500-7,500	~20,200	3,000 – 5,000 (2)	Varies
Stores		100 (3)	400	140	~4,400	Varies
Flooring & Decorative Average SKUs per Store (4)	Available	~1,650	~400	~2,000	~575	Varies
	In-Stock	~1,450	~40-50	~20-25	~335	Varies
Tile		✓	✓	✓	✓	Various Categories
Stone		✓	✗	✓	✓	
Wood		✓	✓	✗	✓	
Accessories		✓	✓	✓	✓	
Online Capabilities		✓	✓	✓	✓	✗

Online only players are not able to compete effectively given size and weight of products, level of interaction, customer service and customization

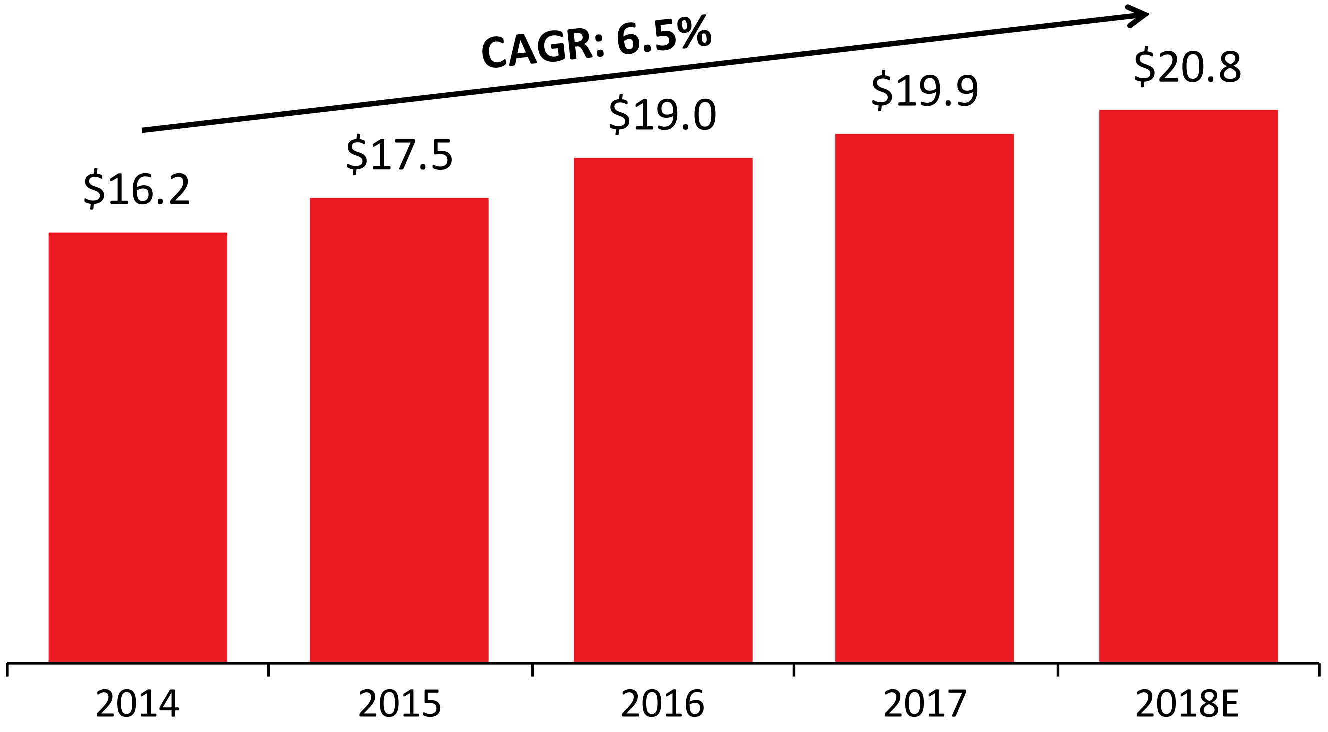
Sources: SEC filings, earnings transcripts, analyst research.
(1) Excludes one small 5,500 square foot design center in New Orleans, LA.
(2) Based on management observations.
(3) As of December 2018.
(4) Does not include accessories and molding.

Favorable Ongoing Category and Economic Tailwinds

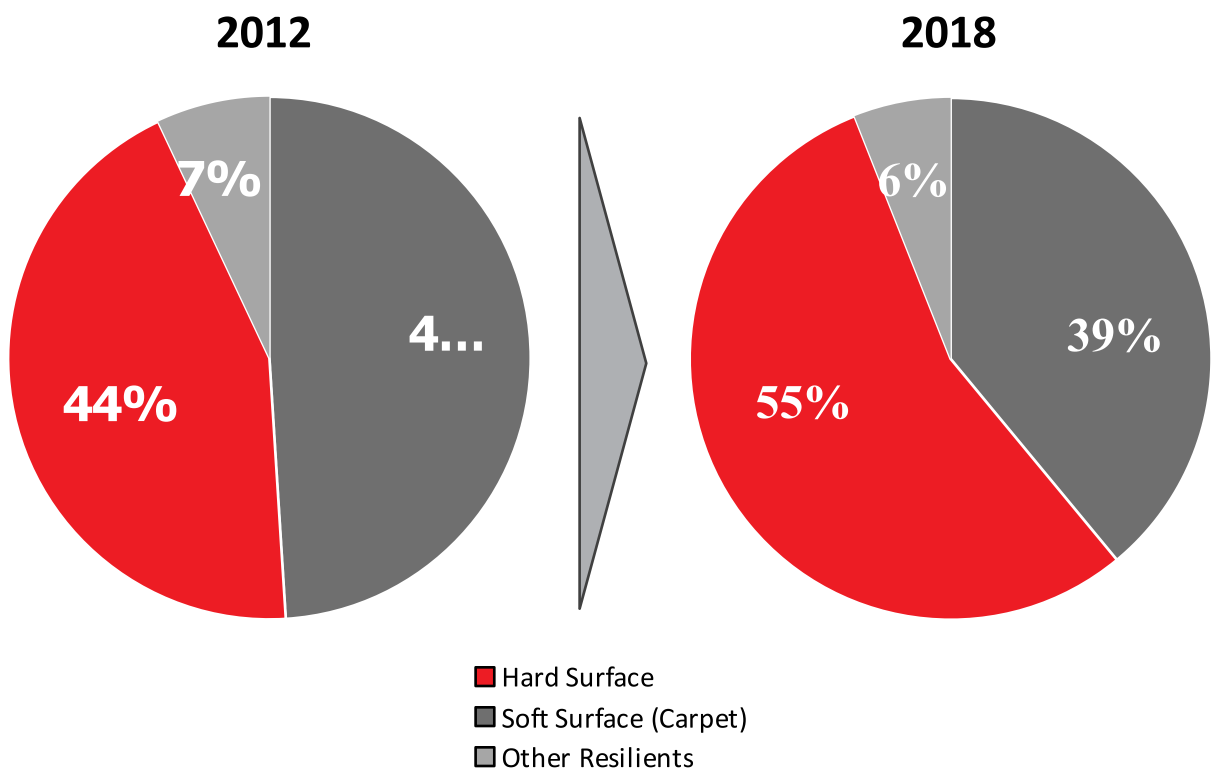
FLOOR & DECOR
TILE • WOOD • STONE

Hard Surface Retail Sales Growing (1)

($ in billions)



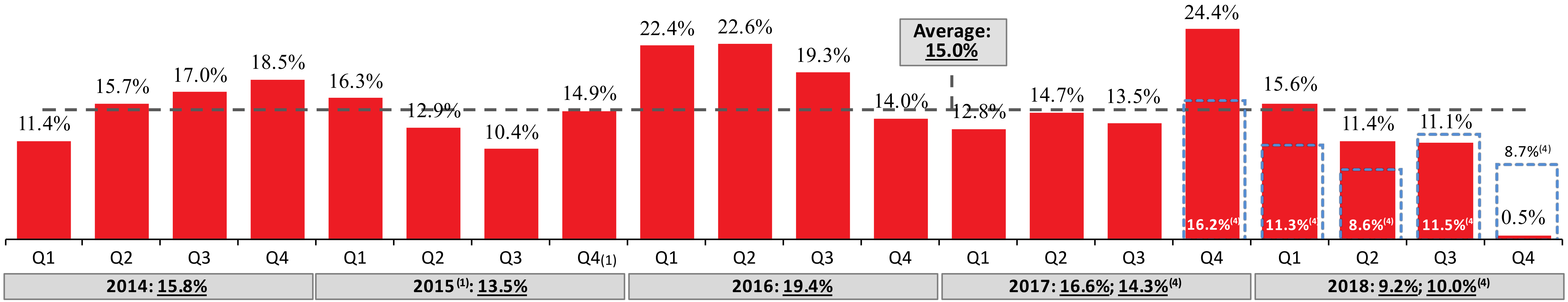
Continued Market Shift Towards Hard Surface (2)



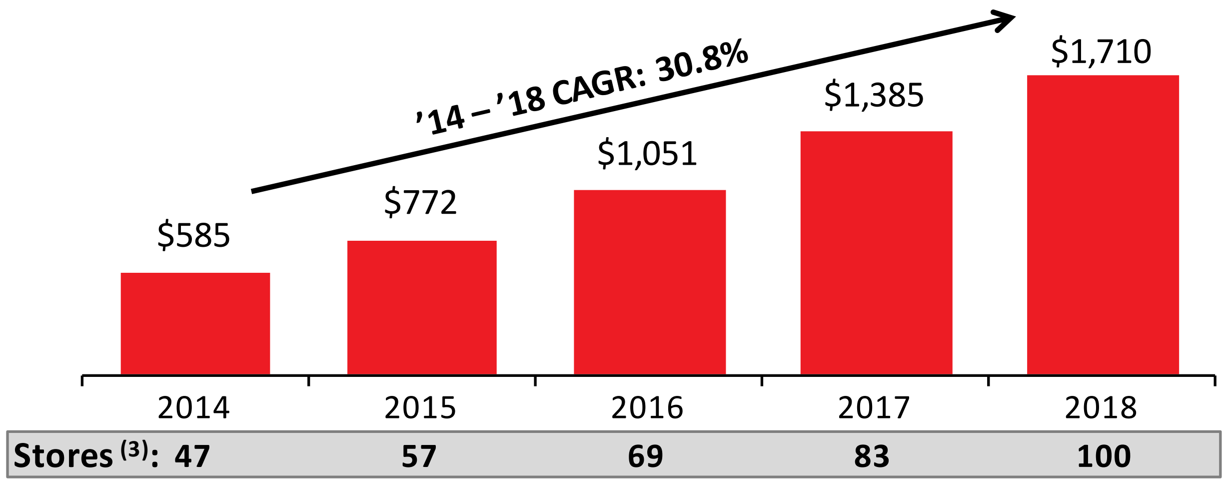
Sources: US Bureau of Economic Analysis, Federal Reserve Bank of St. Louis Economic Research.
(1) Management and independent consultant estimates.
(2) Based on internal research as well as Catalina Floor Coverings Report.

Sustained Robust Financial Performance

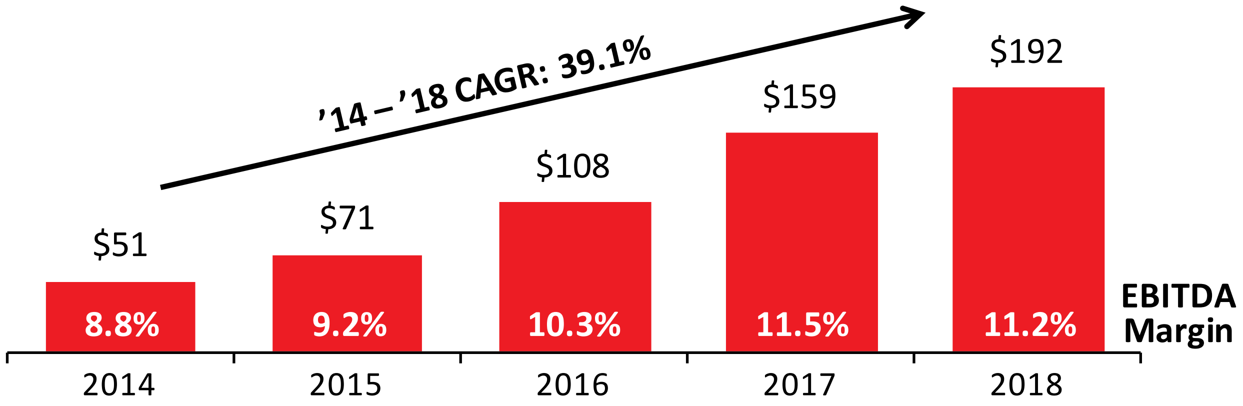
Best in Class Comparable Store Sales Growth (1)



Net Sales ($mm) (1)



Adjusted EBITDA ($mm) (1) (2)



Note: Comparable store sales begin on the first day of the 13th month following the stores opening.

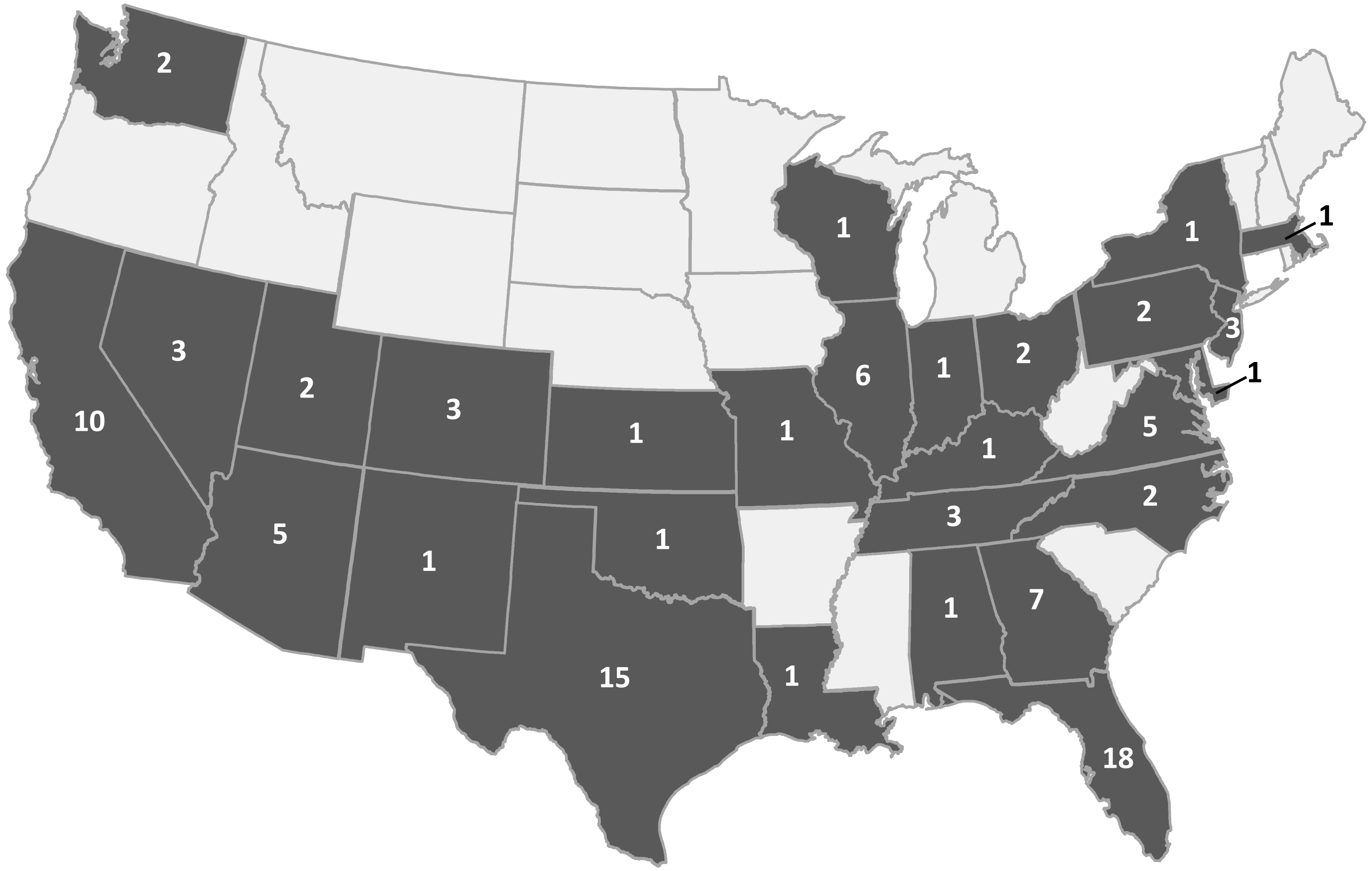
(1) Excludes 53rd week in 2015. The 53rd week in fiscal 2015 represented $11.9 million in net sales, an estimated $2.1 million in operating income and an estimated $2.2 million in adjusted EBITDA.

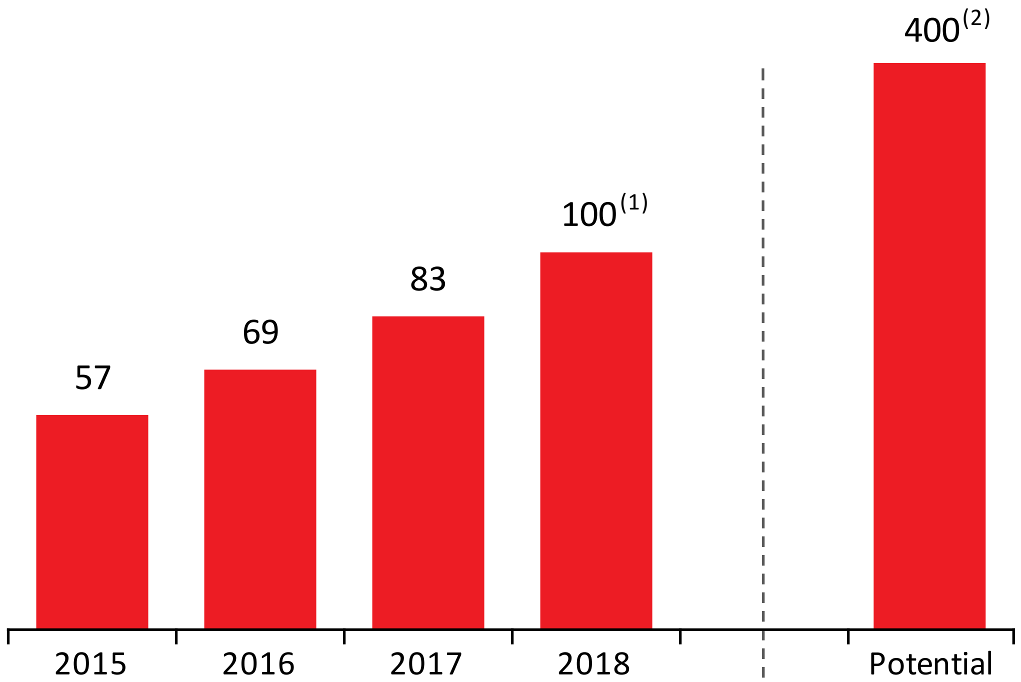
(2) Non-GAAP financial measure. Please see "Non-GAAP Measures" and "Historical EBITDA Reconciliation" for more information.

(3) Excludes one small 5,500 square foot design center in New Orleans, LA.

(4) Excluding the impact on the Houston market due to Hurricane Harvey.

Our Whitespace Potential is Significant





Significant new store opportunity in combination with strong comparable store sales growth, continued investment in Pro and expansion of Connected Customer experience positions F&D for strong and sustainable growth

Note: Store counts exclude one small 5,500 square foot design center in New Orleans, LA.
(1) Store count as of December 2018.
(2) Management estimates of potential within the next 10-15 years based on a third-party study.

We Have Multiple Channels for Growth

FLOOR & DECOR
TILE • WOOD • STONE

- Open Stores in New and Existing Markets
- Increase Comparable Store Sales
- Expand Connected Customer Experience
- Continue to Invest in the Pro Customer

Appendix

FLOOR & DECOR
TILE • WOOD • STONE

Non-GAAP Financial Measures

EBITDA and Adjusted EBITDA (which are shown in the reconciliations below) have been presented in this presentation as supplemental measures of financial performance that are not required by, or presented in accordance with, GAAP. We define EBITDA as net income before interest, loss on early extinguishment of debt, taxes, depreciation and amortization. We define Adjusted EBITDA as net income before interest, loss on early extinguishment of debt, taxes, depreciation and amortization, adjusted to eliminate the impact of certain items that we do not consider indicative of our core operating performance. Reconciliations of these measures to the most directly comparable GAAP financial measure are set forth in the table below.

EBITDA and Adjusted EBITDA are key metrics used by management and our board of directors to assess our financial performance and enterprise value. We believe that EBITDA and Adjusted EBITDA are useful measures, as they eliminate certain items that are not indicative of our core operating performance and facilitate a comparison of our core operating performance on a consistent basis from period to period. We also use Adjusted EBITDA as a basis to determine covenant compliance with respect to our credit facilities, to supplement GAAP measures of performance to evaluate the effectiveness of our business strategies, to make budgeting decisions, and to compare our performance against that of other peer companies using similar measures. EBITDA and Adjusted EBITDA are also used by analysts, investors and other interested parties as performance measures to evaluate companies in our industry.

EBITDA and Adjusted EBITDA are non-GAAP measures of our financial performance and should not be considered as alternatives to net income or diluted EPS as a measure of financial performance, or any other performance measure derived in accordance with GAAP and they should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. Additionally, EBITDA and Adjusted EBITDA are not intended to be measures of liquidity or free cash flow for management's discretionary use.

In addition, these non-GAAP measures exclude certain non-recurring and other charges. Each of these non-GAAP measures has its limitations as an analytical tool, and you should not consider them in isolation or as a substitute for analysis of our results as reported under GAAP. In evaluating EBITDA and Adjusted EBITDA, you should be aware that in the future we will incur expenses that are the same as or similar to some of the items eliminated in the adjustments made to determine EBITDA and Adjusted EBITDA, such as stock compensation expense, loss on asset disposal, and other adjustments. Our presentation of EBITDA and Adjusted EBITDA should not be construed to imply that our future results will be unaffected by any such adjustments. Definitions and calculations of EBITDA and Adjusted EBITDA differ among companies in the retail industry, and therefore EBITDA and Adjusted EBITDA disclosed by us may not be comparable to the metrics disclosed by other companies.

Please see “Historical EBITDA Reconciliation” below for reconciliations of non-GAAP financial measures used in this presentation and the associated webcast to their most directly comparable GAAP financial measures.

Historical EBITDA Reconciliation

($ in millions)
(Unaudited)

	Fiscal Year Ended				
	12/25/2014	12/31/2015 (h)	12/29/2016	12/28/2017	12/27/2018
Net income (GAAP):	$ 15.1	$ 26.8	$ 43.0	$ 102.8	$ 116.2
Depreciation and amortization (a)	11.1	16.8	25.1	33.5	46.3
Interest expense	8.9	9.4	12.8	13.8	8.9
Loss on early extinguishment of debt (b)	—	—	1.8	5.4	—
Income tax expense (benefit)	9.6	16.2	11.5	(4.2)	6.2
EBITDA	44.8	69.2	94.2	151.3	177.6
Stock compensation expense (c)	2.3	3.3	3.2	5.0	6.5
Loss on asset disposal (d)	0.1	0.1	0.5	0.1	—
Executive severance (e)	3.0	0.3	—	—	—
Litigation settlement (f)	—	—	10.5	—	—
Other (g)	1.0	—	—	2.4	7.8
Adjusted EBITDA	$ 51.2	$ 72.9	$ 108.4	$ 158.8	$ 191.9

Certain numbers may not sum due to rounding

(a) Net of amortization of tenant improvement allowances and excludes deferred financing amortization, which is included as a part of interest expense in the table above.
(b) Loss recorded as a result of non-cash write-off of certain deferred financing fees related to the refinancing of term and revolver borrowings in fiscal 2016. For fiscal 2017, the loss related to repaying a portion of our Term Loan Facility with our net proceeds from the IPO.
(c) Non-cash charges related to stock-based compensation programs, which vary from period to period depending on timing of awards and forfeitures.
(d) For fiscal 2014, fiscal 2015, fiscal 2016, fiscal 2017, and fiscal 2018, the losses related primarily to assets retired in connection with significant store remodels.
(e) Represents one-time costs incurred in connection with separation agreements with former officers.
(f) Legal settlement related to classwide settlement to resolve a lawsuit.
(g) Other adjustments include amounts management does not consider indicative of our core operating performance. Amounts for fiscal 2018 primarily relate to costs associated with two secondary public offerings of our Class A common stock by certain of our stockholders, the closing of our distribution center near Miami, Florida, and losses from hurricanes Harvey and Florence. Amounts for fiscal 2017 relate to costs in connection with the IPO, two secondary public offerings of our Class A common stock by certain of our stockholders and expenses and losses, net of recoveries, from hurricanes Harvey and Irma. The Company did not sell any shares in any of the secondary offerings and did not receive any proceeds from the sales of shares by the selling stockholders. Amounts for fiscal 2014 relate to costs in connection with the IPO.
(h) The 53rd week in fiscal 2015 represented $11.9 million in net sales, an estimated $2.1 million in operating income and an estimated $2.2 million in adjusted EBITDA.