



RE: Headwaters Incorporated
10701 S. River Front Parkway, Suite 300
South Jordan, UT 84095
Phone: (801) 984-9400
NYSE: HW

FOR FURTHER INFORMATION

AT THE COMPANY:

Sharon Madden
Vice President of Investor Relations
(801) 984-9400

ANALYST CONTACT:

Tricia Ross
Financial Profiles
(310) 622-8226

FOR IMMEDIATE RELEASE

HEADWATERS INCORPORATED PROVIDES BUSINESS UPDATE AT 2016 ANALYST AND INVESTOR DAY CONFERENCE

- Strong end market demand in both construction materials and building products continues; expect top line growth in all major product categories
- Stable and adequate fly ash supply with ample demand from infrastructure and new residential end markets
- Accretive bolt-on acquisition strategy, including announcement of definitive agreement to acquire Synthetic Materials LLC, subject to certain closing conditions
- Substantial increase in sales and Adjusted EBITDA from niche roofing products
- 2016 Adjusted EBITDA guidance of \$180 million to \$200 million reaffirmed

SOUTH JORDAN, UTAH, March 2, 2016 (NYSE: HW) HEADWATERS INCORPORATED, a building products company dedicated to improving lives through innovative advancements in construction materials, today announced highlights from its Fourteenth Annual Analyst and Investor Day, which was held Wednesday, March 2, 2016 in New York City, NY.

The event featured a business strategy overview by Chairman and Chief Executive Officer Kirk A. Benson. Other commentary included presentations on Headwaters' Construction Materials segment and an update on coal combustion product trends from The American Coal Ash Association (ACAA). The meeting concluded with a financial overview presented by Chief Financial Officer, Don P. Newman.

Select highlights follow:

CEO Commentary -Kirk A. Benson – Business Overview and Bolt-on Acquisition Strategy

“Headwaters continues to experience strong growth and financial performance in its core building products and construction materials segments. We are confident that we will experience continued growth in our end markets and expect top line growth in all our major product categories. We are well positioned for continued margin expansion in FY 2016 and into 2017 on top of achieving record margins of 18.8% for the

twelve months ended December 31, 2015. Our costs continue to remain under control and we reiterate that we feel comfortable with our previously stated guidance range of \$180 million to \$200 million in Adjusted EBITDA for FY 2016.”

“Our construction materials segment, where we manage and sell fly ash, has its largest end market exposure to infrastructure; an end market with strong fundamentals which is driving demand for high quality fly ash. These conditions are expected to continue in fiscal 2016 and beyond. We also have strong and adequate supply to fly ash to meet increasing demand.”

“Our overall strategy is for top line growth through increasing product sales to our core customers. In the last six months, we have completed four successful bolt-on acquisitions with annual revenue of approximately \$40 million for a total purchase price of \$65 million, priced at a 5x to 7x post-synergy EBITDA multiple.”

Construction Materials Commentary - Bill Gehrman

Bill Gehrman is President of Headwaters Resources. Bill discussed that Headwaters announced it has entered into a definitive agreement to purchase 100% of the membership interests of Synthetic Materials LLC based in Louisville, Kentucky. Synthetic Materials is a leader in the synthetic gypsum processing and management industry and the acquisition complements the coal combustion product management operations of Headwaters’. The acquisition, which is subject to the satisfaction of certain closing conditions, is expected to close in Headwaters current fiscal year.

Synthetic Materials has 21 years of experience providing services to the flue gas desulfurization industry, including the design and construction of gypsum dewatering systems, gypsum marketing, landfill and pond management. Synthetic Materials also currently provides operations and maintenance services at 10 different utility sites and manages over 4 million tons of bulk synthetic gypsum on an annual basis, generating approximately \$25 million in annual revenue. The expected purchase price will range between \$38 million and \$45 million, depending upon certain conditions, which would represent a price to EBITDA ratio of between 6x and 7x.

Chairman of The Government Relations Committee of The American Coal Ash Association (ACAA) – John Ward

Special guest John Ward presented the results of a recent study conducted by The ACAA on the future supply and demand of coal combustion products (CCPs). The study indicated 5% growth in CCPs from 2016 through 2032, reflecting a stable supply of CCPs. It also forecast consumption of CCPs will increase over the next decade due to regulatory certainty. He indicated that the CCP industry has resumed growth levels that were most recently seen in the early 2000s.

CFO COMMENTARY — DON P. NEWMAN

“Headwaters continues to generate solid organic top line growth, supplemented with our bolt-on acquisitions. Our revenue has grown at a CAGR of 11% since 2011 and we have delivered eighteen consecutive quarters of revenue and EPS growth.”

“We believe we are well below mid-cycle volumes in our key end markets and have an opportunity to continue our pattern of organic growth. We also believe we have margin expansion opportunities through 2016 and 2017 leading to continued leadership economics. We are confident in our Adjusted EBITDA guidance range of \$180 million to \$200 million, which represents growth of between 9% and 21% over 2015 levels.”

Headwaters Incorporated

Headwaters Incorporated is improving lives through innovative advancements in construction materials through application, design, and purpose. Headwaters is a diversified growth company providing products, technologies and services to the construction materials and building products markets. Through its coal combustion products, building products, and energy businesses, the Company has been able to improve sustainability by transforming underutilized resources into valuable products. www.headwaters.com

CAUTIONARY STATEMENTS RELEVANT TO FORWARD-LOOKING INFORMATION FOR THE PURPOSE OF “SAFE HARBOR” PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

This press release contains forward-looking statements relating to Headwaters’ operations that are based on management’s current expectations, estimates and projections about the industries in which Headwaters operates. Words such as “may,” “should,” “anticipates,” “expects,” “intends,” “plans,” “targets,” “forecasts,” “projects,” “believes,” “seeks,” “schedules,” “estimates,” “budgets,” “goals,” “outlook” and similar expressions are intended to help identify such forward-looking statements. Forward-looking statements include Headwaters’ expectations as to the managing and marketing of coal combustion products, the production and marketing of building products, the sales to oil refineries of residue hydrocracking catalysts, the development, commercialization, and financing of new products and other strategic business opportunities and acquisitions, and other information about Headwaters which are not purely historical by nature, including those statements regarding Headwaters’ future business plans, the operation of facilities, the availability of feedstocks, and the marketability of the coal combustion products, building products and catalysts. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and other factors, many of which are beyond the Company’s control and are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. The reader should not place undue reliance on these forward-looking statements, which speak only as of the date of this press release. Unless legally required, Headwaters undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise. Among the important factors that could cause actual results to differ materially from those in the forward-looking statements are: changing feedstock and energy prices; actions of competitors or regulators; technological developments; potential disruption of the Company’s production facilities, transportation networks and information technology systems due to war, terrorism, malicious attack, civil accidents, political events, civil unrest or severe weather; potential environmental liability or product liability under existing or future laws and litigation; potential liability resulting from other pending or future litigation; changed accounting rules under generally accepted accounting principles promulgated by rule-setting bodies; and the factors set forth under the heading “Risk Factors” in the Company’s Annual Report on Form 10-K, quarterly reports on Form 10-Q and other periodic reports. In addition, such results could be affected by general domestic and international economic and political conditions and other unpredictable or unknown factors not discussed in this press release which could have material adverse effects on forward-looking statements.