Section 1: 10-Q (10-Q)

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 28, 2019

OR

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

For the transition period from __________ to __________
Commission file numbers:
001-36873 (Summit Materials, Inc.)
333-187556 (Summit Materials, LLC)

SUMMIT MATERIALS, INC.
SUMMIT MATERIALS, LLC
(Exact name of registrants as specified in their charters)

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

Registrants' telephone number, including area code: (303) 893-0012
Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Class A Common Stock (par value $.01 per share)	SUM	New York Stock Exchange

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

Summit Materials, Inc.	Yes ☒	No ☐
Summit Materials, LLC	Yes ☒	No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files).

Summit Materials, Inc.	Yes ☒	No ☐
Summit Materials, LLC	Yes ☒	No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth 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.

Summit Materials, Inc.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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. ☐

Summit Materials, LLC

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☐
		Emerging growth company	☐

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).

Summit Materials, Inc.	Yes ☐	No ☒
Summit Materials, LLC	Yes ☐	No ☒

As of October 28, 2019, the number of shares of Summit Materials, Inc.'s outstanding Class A and Class B common stock, par value $0.01 per share for each class, was 112,279,406 and 99, respectively.

As of October 28, 2019, 100% of Summit Materials, LLC's outstanding limited liability company interests were held by Summit Materials Intermediate Holdings, LLC, its sole member and an indirect subsidiary of Summit Materials, Inc.

EXPLANATORY NOTE

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

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

Summit Inc. was formed on September 23, 2014 to be a holding company. As of September 28, 2019, its sole material asset was a 97.1% economic interest in Summit Materials Holdings L.P., a Delaware limited partnership ("Summit Holdings"). Summit Inc. has 100% of the voting rights of Summit Holdings, which is the indirect parent of Summit LLC. Summit LLC is a co-issuer of our outstanding 6 $^{1}/_{8}$% senior notes due 2023 ("2023 Notes"), our 5 $^{1}/_{8}$% senior notes due 2025 ("2025 Notes") and our 6 $^{1}/_{2}$% senior notes due 2027 ("2027 Notes" and collectively with the 2023 Notes and 2025 Notes, the "Senior Notes"). Summit Inc.'s only revenue for the three and nine months ended September 28, 2019 was that generated by Summit LLC and its consolidated subsidiaries. Summit Inc. controls all of the business and affairs of Summit Holdings and, in turn, Summit LLC.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report includes "forward-looking statements" within the meaning of the federal securities laws, which involve risks and uncertainties. Forward-looking statements include all statements that do not relate solely to historical or current facts, and you can identify forward-looking statements because they contain words such as "believes," "expects," "may," "will," "should," "seeks," "intends," "trends," "plans," "estimates," "projects" or "anticipates" or similar expressions that concern our strategy, plans, expectations or intentions. All statements made relating to our estimated and projected earnings, margins, costs, expenditures, cash flows, growth rates and financial results are forward-looking statements. These forward-looking statements are subject to risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. We derive many of our forward-looking statements from our operating budgets and forecasts, which are based upon many detailed assumptions. While we believe that our assumptions are reasonable, it is very difficult to predict the effect of known factors, and, of course, it is impossible to anticipate all factors that could affect our actual results. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by us or any other person that the results or conditions described in such statements or our objectives and plans will be realized. Important factors could affect our results and could cause results to differ materially from those expressed in our forward-looking statements, including but not limited to the factors discussed in the section entitled "Risk Factors" in Summit Inc.'s Annual Report on Form 10-K for the fiscal year ended December 29, 2018 (the "Annual Report"), as filed with the Securities and Exchange Commission (the "SEC"), any factors discussed in the section entitled "Risk Factors" of this report and the following:

- our dependence on the construction industry and the strength of the local economies in which we operate;
- the cyclical nature of our business;
- risks related to weather and seasonality;
- risks associated with our capital-intensive business;
- competition within our local markets;
- our ability to execute on our acquisition strategy, successfully integrate acquisitions with our existing operations and retain key employees of acquired businesses;
- our dependence on securing and permitting aggregate reserves in strategically located areas;

- declines in public infrastructure construction and delays or reductions in governmental funding, including the funding by transportation authorities and other state agencies;
- environmental, health, safety and climate change laws or governmental requirements or policies concerning zoning and land use;
- rising prices for commodities, labor and other production and delivery costs as a result of inflation or otherwise;
- conditions in the credit markets;
- our ability to accurately estimate the overall risks, requirements or costs when we bid on or negotiate contracts that are ultimately awarded to us;
- material costs and losses as a result of claims that our products do not meet regulatory requirements or contractual specifications;
- cancellation of a significant number of contracts or our disqualification from bidding for new contracts;
- special hazards related to our operations that may cause personal injury or property damage not covered by insurance;
- our substantial current level of indebtedness;
- our dependence on senior management and other key personnel;
- supply constraints or significant price fluctuations in the electricity and petroleum-based resources that we use, including diesel and liquid asphalt;
- climate change and climate change legislation or regulations;
- unexpected operational difficulties;
- interruptions in our information technology systems and infrastructure; and
- potential labor disputes.

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

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

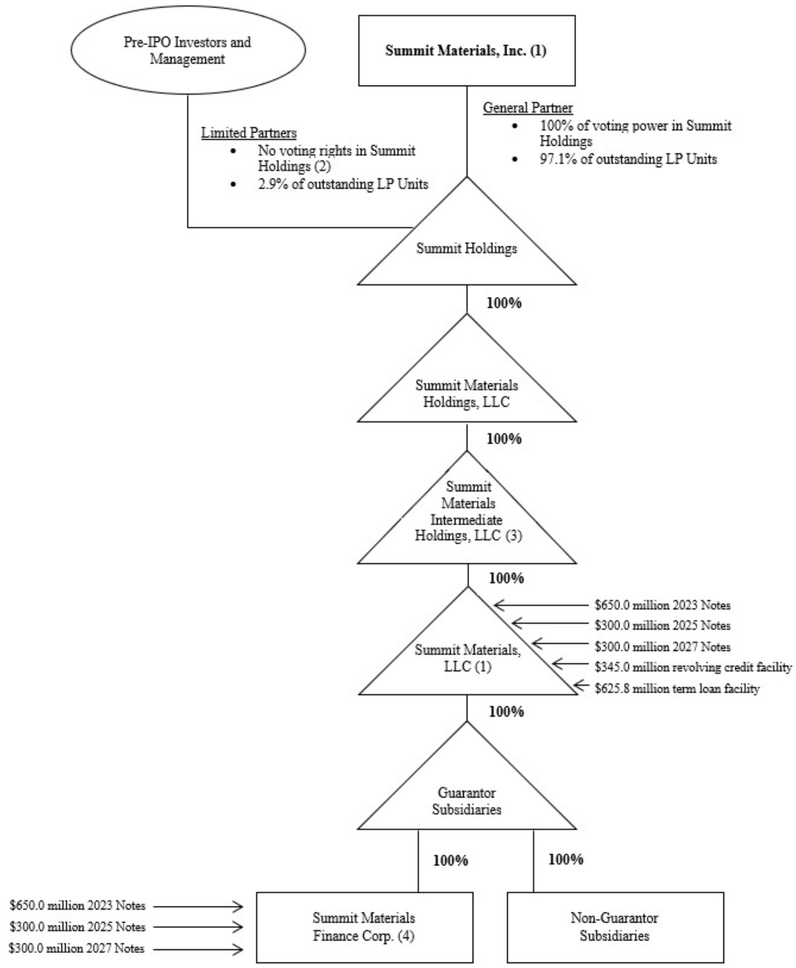
CERTAIN DEFINITIONS

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

- "EBITDA" refers to net income (loss) before interest expense (income), income tax expense (benefit) and depreciation, depletion and amortization;
- "Finance Corp." refers to Summit Materials Finance Corp., an indirect wholly-owned subsidiary of Summit LLC and the co-issuer of the Senior Notes;
- "Issuers" refers to Summit LLC and Finance Corp. as co-issuers of the Senior Notes;
- "IPO" refers to the March 2015 initial public offering of Summit Inc.;
- "LP Units" refers to the Class A limited partnership units of Summit Holdings; and
- "TRA" refers to tax receivable agreement between Summit Inc. and certain current and former holders of LP Units and their permitted assignees.

Corporate Structure

The following chart summarizes our organizational structure, equity ownership and our principal indebtedness as of September 28, 2019. This chart is provided for illustrative purposes only and does not show all of our legal entities or all obligations of such entities.



(1)SEC registrant.

(2)The shares of Class B Common Stock are currently held by pre-IPO investors, including certain members of management or their family trusts that directly hold LP Units. A holder of Class B Common Stock is entitled, without regard to the number of shares of Class B Common Stock held by such holder, to a number of votes that is equal to the aggregate number of LP Units held by such holder.

(3)Guarantor under the senior secured credit facilities, but not the Senior Notes.

(4)Summit LLC and Finance Corp are the issuers of the Senior Notes and Summit LLC is the borrower under our senior secured credit facilities. Finance Corp. was formed solely for the purpose of serving as co-issuer or guarantor of certain indebtedness, including the Senior Notes. Finance Corp. does not and will not have operations of any kind and does not and will not have revenue or assets other than as may be incidental to its activities as a co-issuer or guarantor of certain indebtedness.

SUMMIT MATERIALS, INC.
SUMMIT MATERIALS, LLC

FORM 10-Q

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PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

SUMMIT MATERIALS, INC. AND SUBSIDIARIES
Consolidated Balance Sheets
(In thousands, except share and per share amounts)

	September 28, 2019	December 29, 2018
	(unaudited)	*(audited)*
Assets		
Current assets:		
Cash and cash equivalents	$ 182,589	$ 128,508
Accounts receivable, net	337,060	214,518
Costs and estimated earnings in excess of billings	49,715	18,602
Inventories	197,015	213,851
Other current assets	12,037	16,061
Total current assets	778,416	591,540
Property, plant and equipment, less accumulated depreciation, depletion and amortization (September 28, 2019 - $923,439 and December 29, 2018 - $794,251)	1,762,307	1,780,132
Goodwill	1,198,496	1,192,028
Intangible assets, less accumulated amortization (September 28, 2019 - $9,666 and December 29, 2018 - $8,247)	24,446	18,460
Deferred tax assets, less valuation allowance (September 28, 2019 - $29,472 and December 29, 2018 - $19,366)	193,632	225,397
Operating lease right-of-use assets	33,045	—
Other assets	51,772	50,084
Total assets	$ 4,042,114	$ 3,857,641
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion of debt	$ 6,354	$ 6,354
Current portion of acquisition-related liabilities	34,398	34,270
Accounts payable	152,232	107,702
Accrued expenses	118,003	100,491
Current operating lease liabilities	8,609	—
Billings in excess of costs and estimated earnings	12,476	11,840
Total current liabilities	332,072	260,657
Long-term debt	1,853,414	1,807,502
Acquisition-related liabilities	40,662	49,468
Tax receivable agreement liability	310,098	309,674
Noncurrent operating lease liabilities	25,329	—
Other noncurrent liabilities	93,761	88,195
Total liabilities	2,655,336	2,515,496
Commitments and contingencies (see note 12)		
Stockholders' equity:		
Class A common stock, par value $0.01 per share; 1,000,000,000 shares authorized, 112,275,998 and 111,658,927 shares issued and outstanding as of September 28, 2019 and December 29, 2018, respectively	1,124	1,117
Class B common stock, par value $0.01 per share; 250,000,000 shares authorized, 99 shares issued and outstanding as of September 28, 2019 and December 29, 2018	—	—
Additional paid-in capital	1,212,240	1,194,204
Accumulated earnings	153,134	129,739
Accumulated other comprehensive income	4,938	2,681
Stockholders' equity	1,371,436	1,327,741
Noncontrolling interest in Summit Holdings	15,342	14,404
Total stockholders' equity	1,386,778	1,342,145
Total liabilities and stockholders' equity	$ 4,042,114	$ 3,857,641

See notes to unaudited consolidated financial statements.

SUMMIT MATERIALS, INC. AND SUBSIDIARIES
Unaudited Consolidated Statements of Operations
(In thousands, except share and per share amounts)

	Three months ended		Nine months ended	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
Revenue:				
Product	$ 554,721	$ 512,822	$ 1,293,999	$ 1,229,596
Service	111,126	112,195	230,389	234,572
Net revenue	665,847	625,017	1,524,388	1,464,168
Delivery and subcontract revenue	66,235	69,644	141,224	145,804
Total revenue	732,082	694,661	1,665,612	1,609,972
Cost of revenue (excluding items shown separately below):				
Product	338,119	321,586	846,702	814,166
Service	78,625	80,573	167,550	170,626
Net cost of revenue	416,744	402,159	1,014,252	984,792
Delivery and subcontract cost	66,235	69,644	141,224	145,804
Total cost of revenue	482,979	471,803	1,155,476	1,130,596
General and administrative expenses	62,344	59,457	190,915	190,975
Depreciation, depletion, amortization and accretion	55,127	53,974	164,140	150,663
Transaction costs	751	1,260	1,449	3,817
Operating income	130,881	108,167	153,632	133,921
Interest expense	28,917	28,889	88,423	86,616
Loss on debt financings	—	—	14,565	149
Gain on sale of business	—	(12,108)	—	(12,108)
Other income, net	(1,875)	(3,371)	(8,354)	(11,942)
Income from operations before taxes	103,839	94,757	58,998	71,206
Income tax expense	45,602	20,765	34,272	16,249
Net income	58,237	73,992	24,726	54,957
Net income attributable to Summit Holdings	2,480	2,703	1,331	1,888
Net income attributable to Summit Inc.	$ 55,757	$ 71,289	$ 23,395	$ 53,069
Earnings per share of Class A common stock:				
Basic	$ 0.50	$ 0.64	$ 0.21	$ 0.48
Diluted	$ 0.48	$ 0.64	$ 0.21	$ 0.47
Weighted average shares of Class A common stock:				
Basic	112,179,137	111,641,344	112,020,275	111,288,211
Diluted	115,505,122	111,940,067	112,497,610	112,472,724

See notes to unaudited consolidated financial statements.

SUMMIT MATERIALS, INC. AND SUBSIDIARIES
Unaudited Consolidated Statements of Comprehensive Income
(In thousands)

	Three months ended		Nine months ended	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
Net income	$ 58,237	$ 73,992	$ 24,726	$ 54,957
Other comprehensive income (loss):				
Foreign currency translation adjustment	(1,328)	1,970	3,263	(3,179)
Income (loss) on cash flow hedges	155	87	(148)	1,443
Less tax effect of other comprehensive income (loss) items	284	(507)	(766)	428
Other comprehensive (loss) income	(889)	1,550	2,349	(1,308)
Comprehensive income	57,348	75,542	27,075	53,649
Less comprehensive income attributable to Summit Holdings	2,444	2,764	1,423	1,832
Comprehensive income attributable to Summit Inc.	$ 54,904	$ 72,778	$ 25,652	$ 51,817

See notes to unaudited consolidated financial statements.

SUMMIT MATERIALS, INC. AND SUBSIDIARIES
Unaudited Consolidated Statements of Cash Flows
(In thousands)

	Nine months ended	
	September 28, 2019	September 29, 2018
Cash flow from operating activities:		
Net income	$ 24,726	$ 54,957
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion, amortization and accretion	166,997	152,829
Share-based compensation expense	15,424	19,833
Net gain on asset disposals	(8,030)	(27,261)
Non-cash loss on debt financings	2,850	—
Change in deferred tax asset, net	32,736	12,577
Other	(1,609)	873
(Increase) decrease in operating assets, net of acquisitions and dispositions:		
Accounts receivable, net	(121,196)	(90,481)
Inventories	16,296	(26,027)
Costs and estimated earnings in excess of billings	(31,085)	(37,643)
Other current assets	5,635	(6,819)
Other assets	4,992	(1,217)
(Decrease) increase in operating liabilities, net of acquisitions and dispositions:		
Accounts payable	52,423	24,978
Accrued expenses	8,447	(2,197)
Billings in excess of costs and estimated earnings	618	(3,850)
Tax receivable agreement liability	424	1,812
Other liabilities	(5,805)	(1,807)
Net cash provided by operating activities	163,843	70,557
Cash flow from investing activities:		
Acquisitions, net of cash acquired	(2,842)	(210,894)
Purchases of property, plant and equipment	(139,762)	(183,752)
Proceeds from the sale of property, plant and equipment	13,035	18,426
Proceeds from sale of business	—	21,564
Other	(207)	2,660
Net cash used for investing activities	(129,776)	(351,996)
Cash flow from financing activities:		
Proceeds from debt issuances	300,000	64,500
Debt issuance costs	(6,312)	(550)
Payments on debt	(264,906)	(79,027)
Payments on acquisition-related liabilities	(11,000)	(35,321)
Distributions from partnership	—	(69)
Proceeds from stock option exercises	2,559	15,615
Other	(501)	(1,913)
Net cash provided by (used in) financing activities	19,840	(36,765)
Impact of foreign currency on cash	174	(422)
Net increase (decrease) in cash	54,081	(318,626)
Cash and cash equivalents—beginning of period	128,508	383,556
Cash and cash equivalents—end of period	$ 182,589	$ 64,930

See notes to unaudited consolidated financial statements.

SUMMIT MATERIALS, INC. AND SUBSIDIARIES
Unaudited Consolidated Statements of Changes in Stockholders' Equity
(In thousands, except share amounts)

	Summit Materials, Inc.								
	Accumulated Earnings	Accumulated Other Comprehensive income	Class A Common Stock Shares	Class A Common Stock Dollars	Class B Common Stock Shares	Class B Common Stock Dollars	Additional Paid-in Capital	Noncontrolling Interest in Summit Holdings	Total Stockholders' Equity
Balance - December 29, 2018	$ 129,739	$ 2,681	111,658,927	$ 1,117	99	$ —	$ 1,194,204	$ 14,404	$ 1,342,145
Net loss	(68,772)	—	—	—	—	—	—	(2,729)	(71,501)
LP Unit exchanges	—	—	17,500	—	—	—	122	(122)	—
Other comprehensive income, net of tax	—	1,584	—	—	—	—	—	66	1,650
Stock option exercises	—	—	43,142	1	—	—	766	—	767
Share-based compensation	—	—	—	—	—	—	5,906	—	5,906
Shares redeemed to settle taxes and other	—	—	347,962	3	—	—	(495)	—	(492)
Balance — March 30, 2019	$ 60,967	$ 4,265	112,067,531	$ 1,121	99	$ —	$ 1,200,503	$ 11,619	$ 1,278,475
Net loss	36,410	—	—	—	—	—	—	1,580	37,990
Other comprehensive income, net of tax	—	1,526	—	—	—	—	—	62	1,588
Stock option exercises	—	—	1,019	—	—	—	17	—	17
Share-based compensation	—	—	—	—	—	—	4,699	—	4,699
Shares redeemed to settle taxes and other	—	—	4,944	1	—	—	2	(1)	2
Balance — June 29, 2019	$ 97,377	$ 5,791	112,073,494	$ 1,122	99	$ —	$ 1,205,221	$ 13,260	$ 1,322,771
Net income	55,757	—	—	—	—	—	—	2,480	58,237
LP Unit exchanges	—	—	89,836	1	—	—	361	(362)	—
Other comprehensive income, net of tax	—	(853)	—	—	—	—	—	(36)	(889)
Stock option exercises	—	—	99,344	1	—	—	1,774	—	1,775
Share-based compensation	—	—	—	—	—	—	4,819	—	4,819
Shares redeemed to settle taxes and other	—	—	13,324	—	—	—	65	—	65
Balance - September 28, 2019	$ 153,134	$ 4,938	112,275,998	$ 1,124	99	$ —	$ 1,212,240	$ 15,342	$ 1,386,778

	Summit Materials, Inc.								
	Accumulated Earnings	Accumulated Other Comprehensive income	Class A Common Stock		Class B Common Stock		Additional Paid-in Capital	Noncontrolling Interest in Summit Holdings	Total Stockholders' Equity
			Shares	Dollars	Shares	Dollars			
Balance — December 30, 2017	$ 95,833	$ 7,386	110,350,594	$ 1,104	100	$ —	$ 1,154,220	$ 13,178	$ 1,271,721
Net loss	(53,729)	—	—	—	—	—	—	(2,219)	(55,948)
LP Unit exchanges	—	—	104,104	1	—	—	485	(486)	—
Other comprehensive loss, net of tax	—	(2,563)	—	—	—	—	—	(66)	(2,629)
Stock option exercises	—	—	856,915	9	—	—	15,468	—	15,477
Share-based compensation	—	—	—	—	—	—	8,507	—	8,507
Distributions from partnership	—	—	—	—	—	—	—	(9)	(9)
Shares redeemed to settle taxes and other	—	—	176,960	2	—	—	(1,774)	—	(1,772)
Balance — March 31, 2018	$ 42,104	$ 4,823	111,488,573	$ 1,116	100	$ —	$ 1,176,906	$ 10,398	$ 1,235,347
Net income	35,509	—	—	—	—	—	—	1,404	36,913
LP Unit exchanges	—	—	125,554	1	—	—	365	(366)	—
Other comprehensive loss, net of tax	—	(178)	—	—	—	—	—	(51)	(229)
Stock option exercises	—	—	—	—	—	—	139	—	139
Share-based compensation	—	—	—	—	—	—	5,683	—	5,683
Distributions from partnership	—	—	—	—	—	—	—	(60)	(60)
Shares redeemed to settle taxes and other	—	—	15,111	—	—	—	(22)	—	(22)
Balance — June 30, 2018	$ 77,613	$ 4,645	111,629,238	$ 1,117	100	$ —	$ 1,183,071	$ 11,325	$ 1,277,771
Net income	71,289	—	—	—	—	—	—	2,703	73,992
LP Unit exchanges	—	—	24,444	—	—	—	79	(79)	—
Other comprehensive loss, net of tax	—	1,489	—	—	—	—	—	61	1,550
Stock option exercises	—	—	6,983	—	—	—	—	—	—
Share-based compensation	—	—	—	—	—	—	5,643	—	5,643
Distributions from partnership	—	—	—	—	—	—	—	—	—
Shares redeemed to settle taxes and other	—	—	(6,113)	—	(1)	—	(86)	—	(86)
Balance — September 29, 2018	$ 148,902	$ 6,134	111,654,552	$ 1,117	99	$ —	$ 1,188,707	$ 14,010	$ 1,358,870

See notes to unaudited consolidated financial statements.

SUMMIT MATERIALS, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in tables in thousands, except per share amounts or otherwise noted)

1. SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

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

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

Summit Inc. is a holding corporation operating and controlling all of the business and affairs of Summit Materials Holdings L.P. ("Summit Holdings") and its subsidiaries and, through Summit Holdings, conducts its business. Summit Inc. owns the majority of the partnership interests of Summit Holdings (see Note 9, Stockholders' Equity). Summit Materials, LLC ("Summit LLC") an indirect wholly owned subsidiary of Summit Holdings, conducts the majority of our operations. Summit Materials Finance Corp. ("Summit Finance"), an indirect wholly owned subsidiary of Summit LLC, has jointly issued our Senior Notes as described below.

Basis of Presentation—These unaudited consolidated financial statements were prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") for interim financial information, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). Certain information and footnote disclosures typically included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations. These unaudited consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and the notes thereto as of and for the year ended December 29, 2018. The Company continues to follow the accounting policies set forth in those audited consolidated financial statements.

Management believes that these consolidated interim financial statements include all adjustments, normal and recurring in nature, that are necessary to present fairly the financial position of the Company as of September 28, 2019, the results of operations for the three and nine months ended September 28, 2019 and September 29, 2018 and cash flows for the nine months ended September 28, 2019 and September 29, 2018.

Principles of Consolidation—The consolidated financial statements include the accounts of Summit Inc. and its majority owned subsidiaries. All intercompany balances and transactions have been eliminated. As a result of the reorganization into a holding company structure (the "Reorganization"), Summit Holdings became a variable interest entity over which Summit Inc. has 100% voting power and control and for which Summit Inc. has the obligation to absorb losses and the right to receive benefits.

For a summary of the changes in Summit Inc.'s ownership of Summit Holdings, see Note 9, Stockholders' Equity.

Use of Estimates—Preparation of these consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions. These estimates and the underlying assumptions affect the amounts of assets and liabilities reported, disclosures about contingent assets and liabilities and reported amounts of revenue and expenses. Such estimates include the valuation of accounts receivable, inventories, valuation of deferred tax assets, goodwill, intangibles and other long-lived assets, the tax receivable agreement ("TRA") liability, pension and other postretirement obligations and asset retirement obligations. Estimates also include revenue earned on contracts and costs to complete contracts. Most of the Company's paving and related services are performed under fixed unit-price contracts with state and local governmental entities. Management regularly evaluates its estimates and assumptions based on historical experience and other factors, including the current economic environment. As future events and their effects cannot be determined with precision, actual results can differ significantly from estimates made. Changes in estimates, including those resulting from continuing changes in the economic environment, are reflected in the Company's consolidated financial statements when the change in estimate occurs.

Business and Credit Concentrations—The Company's operations are conducted primarily across 23 U.S. states and in British Columbia, Canada, with the most significant revenue generated in Texas, Utah, Kansas and Missouri. The Company's accounts receivable consist primarily of amounts due from customers within these areas. Therefore, collection of these accounts is dependent on the economic conditions in the aforementioned states, as well as specific situations affecting individual customers. Credit granted within the Company's trade areas has been granted to many customers, and management does not believe that a significant concentration of credit exists with respect to any individual customer or group of customers. No single customer accounted for more than 10% of the Company's total revenue in the three and nine months ended September 28, 2019 or September 29, 2018.

Revenue Recognition—We earn revenue from the sale of products, which primarily include aggregates, cement, ready-mix concrete and asphalt, but also include concrete products and plastics components, and from the provision of services, which are primarily paving and related services, but also include landfill operations, the receipt and disposal of waste that is converted to fuel for use in our cement plants and underground storage space rental.

Products

We earn revenue from the sale of products, which primarily include aggregates, cement, ready-mix concrete and asphalt, but also include concrete products, net of discounts or allowances, if any, and freight and delivery charges billed to customers. Freight and delivery charges associated with cement sales are recorded on a net basis together with freight costs within cost of sales. Revenue for product sales is recognized when evidence of an arrangement exists and when control passes, which generally is when the product is shipped.

Services

We earn revenue from the provision of services, which are primarily paving and related services, but also include landfill operations, and the receipt and disposal of waste that is converted to fuel for use in our cement plants. Revenue from the receipt of waste fuels is recognized when the waste is accepted and a corresponding liability is recognized for the costs to process the waste into fuel for the manufacturing of cement or to ship the waste offsite for disposal in accordance with applicable regulations.

Revenue derived from paving and related services is recognized using the percentage of completion method, which approximates progress towards completion. Under the percentage of completion method, we recognize paving and related services revenue as services are rendered. The majority of our construction service contracts are completed within one year, but may occasionally extend beyond this time frame. We estimate profit as the difference between total estimated revenue and total estimated cost of a contract and recognize that profit over the life of the contract based on input measures. We generally measure progress toward completion on long-term paving and related services contracts based on the proportion of costs incurred to date relative to total estimated costs at completion. We include revisions of estimated profits on contracts in earnings under the cumulative catch-up method, under which the effect of revisions in estimates is recognized immediately. If a revised estimate of contract profitability reveals an anticipated loss on the contract, we recognize the loss in the period it is identified.

The percentage of completion method of accounting involves the use of various estimating techniques to project costs at completion, and in some cases includes estimates of recoveries asserted against the customer for changes in specifications or other disputes. Contract estimates involve various assumptions and projections relative to the outcome of future events over multiple periods, including future labor productivity and availability, the nature and complexity of the work to be performed, the cost and availability of materials, the effect of delayed performance, and the availability and timing of funding from the customer. These estimates are based on our best judgment. A significant change in one or more of these estimates could affect the profitability of one or more of our contracts. We review our contract estimates regularly to assess revisions in contract values and estimated costs at completion. Inherent uncertainties in estimating costs make it at least reasonably possible that the estimates used will change within the near term and over the life of the contracts. No material adjustments to a contract were recognized in the three and nine months ended September 28, 2019.

Costs and estimated earnings in excess of billings are composed principally of revenue recognized on contracts on the percentage of completion method for which billings had not been presented to customers because the amounts were not billable under the contract terms at the balance sheet date. In accordance with the contract terms, the unbilled receivables at the balance sheet date are expected to be billed in following periods. Billings in excess of costs and estimated earnings represent billings in excess of revenue recognized. Contract assets and liabilities are netted on a contract-by-contract basis.

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

Tax Receivable Agreement— When Class A limited partnership units of Summit Holdings ("LP Units") are exchanged for shares of Class A common stock of Summit Inc. or Summit Inc. purchases LP Units for cash, this results in increases in Summit Inc.'s share of the tax basis of the tangible and intangible assets, which increases the tax depreciation and amortization deductions that otherwise would not have been available to Summit Inc. These increases in tax basis and tax depreciation and amortization deductions are expected to reduce the amount of cash taxes that we would otherwise be required to pay in the future. Prior to our initial public offering ("IPO"), we entered into a TRA with the pre-IPO owners that requires us to pay the pre-IPO owners or their permitted assignees 85% of the amount of cash savings, if any, in U.S. federal, state, and local income tax that we actually realize as a result of these exchanges. These benefits include (1) increases in the tax basis of tangible and intangible assets of Summit Holdings and certain other tax benefits related to entering into the TRA, (2) tax benefits attributable to payments under the TRA, or (3) under certain circumstances such as an early termination of the TRA, we are deemed to realize, as a result of the increases in tax basis in connection with exchanges by the pre-IPO owners described above and certain other tax benefits attributable to payments under the TRA.

We periodically evaluate the realizability of the deferred tax assets resulting from the exchange of LP Units for Class A common stock. If the deferred tax assets are determined to be realizable, we then assess whether payment of amounts under the TRA have become probable. If so, we record a TRA liability equal to 85% of such deferred tax assets, and the remaining 15% as an increase to additional paid-in capital. If a deferred tax asset subject to the TRA is determined not to be realizable and therefore subject to a valuation allowance, we do not record a TRA liability for such deferred tax assets. In subsequent periods, we assess the realizability of all of our deferred tax assets subject to the TRA. Should we determine a deferred tax asset with a valuation allowance is realizable in a subsequent period, the related valuation allowance will be released and consideration of a corresponding TRA liability will be assessed. The realizability of deferred tax assets, including those subject to the TRA, is dependent upon the generation of future taxable income during the periods in which those deferred tax assets become deductible and consideration of prudent and feasible tax-planning strategies.

The measurement of the TRA liability is accounted for as a contingent liability. Therefore, once we determine that a payment to a pre-IPO owner has become probable and can be estimated, the estimate of payment will be accrued.

New Accounting Standards — In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-02, *Leases* (Topic 842), which requires lessees to recognize most leases on the balance sheet. Lessees are required to disclose more quantitative and qualitative information about the leases than current U.S. GAAP requires. The ASU and subsequent amendments issued in 2018 are effective for public entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. We adopted the standard effective December 30, 2018 using the modified retrospective approach.

The modified retrospective approach provides a method for recording existing leases at adoption. In addition, we elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed us to carry forward the historical lease classification. In addition, we elected the hindsight practical expedient to determine the lease term for existing leases.

The most significant impact upon adoption was the recognition of $36.8 million of operating lease right-of-use assets and $36.8 million operating lease liabilities. The standard had no material impact on our statement of cash flows.

In August 2017, the FASB issued ASU No. 2017-12, Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities, allowing more financial and nonfinancial hedging strategies to be eligible for hedge accounting. The ASU is effective for fiscal years beginning after December 15, 2018 and interim periods within those fiscal years. The adoption of this new ASU did not have a material impact on our consolidated financial results.

In June 2018, the FASB issued ASU No. 2018-07, Compensation—Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting, increasing the scope of Topic 718 to include share-based payment transactions for acquiring goods and services from nonemployees. The ASU is effective for fiscal years beginning after December 15, 2018 and interim periods within those fiscal years. The adoption of this new ASU did not have a material impact on our consolidated financial results.

2. GOODWILL AND INTANGIBLES

The Company has completed numerous acquisitions since its formation, which have been financed through a combination of debt and equity funding. The operations of each acquisition have been included in the Company's consolidated results of operations since the respective closing dates of the acquisitions. The Company measures all assets acquired and liabilities assumed at their acquisition-date fair value.

Changes in the carrying amount of goodwill, by reportable segment, from December 29, 2018 to September 28, 2019 are summarized as follows:

	West	East	Cement	Total
Balance, December 29, 2018	$ 580,567	$ 406,805	$ 204,656	$ 1,192,028
Acquisitions (1)	1,167	3,621	—	4,788
Foreign currency translation adjustments	1,680	—	—	1,680
Balance, September 28, 2019	$ 583,414	$ 410,426	$ 204,656	$ 1,198,496

(1) Reflects goodwill from 2019 acquisitions and working capital adjustments from prior year acquisitions.

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

	September 28, 2019			December 29, 2018		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Mineral leases	$ 19,064	$ (6,124)	$ 12,940	$ 19,064	$ (5,259)	$ 13,805
Reserve rights	6,234	(2,174)	4,060	6,234	(1,940)	4,294
Trade names	1,000	(933)	67	1,000	(858)	142
Other	7,814	(435)	7,379	409	(190)	219
Total intangible assets	$ 34,112	$ (9,666)	$ 24,446	$ 26,707	$ (8,247)	$ 18,460

Amortization expense totaled \$0.6 million and \$1.4 million for the three and nine months ended September 28, 2019, respectively, and \$0.5 million and \$1.1 million for the three and nine months September 29, 2018, respectively. The estimated amortization expense for the intangible assets for each of the five years subsequent to September 28, 2019 is as follows:

2019 (three months)	$ 711
2020	2,552
2021	2,164
2022	2,168
2023	2,035
2024	1,940
Thereafter	12,876
Total	$ 24,446

In September 2018, the Company sold a non-core business in the West segment, resulting in cash proceeds of \$21.6 million, and a total gain on the disposition of the business of \$12.1 million.

3. REVENUE RECOGNITION

We derive our revenue predominantly by selling construction materials, products and providing paving and related services. Construction materials consist of aggregates and cement. Products consist of related downstream products, including ready-mix concrete, asphalt paving mix and concrete products. Paving and related service revenue is generated primarily from the asphalt paving services that we provide.

Revenue by product for the three and nine months ended September 28, 2019 and September 29, 2018 is as follows:

	Three months ended		Nine months ended	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
Revenue by product*:				
Aggregates	$ 137,528	$ 109,621	$ 354,050	$ 280,761
Cement	92,482	87,909	202,780	197,439
Ready-mix concrete	172,758	164,866	444,258	447,490
Asphalt	137,753	125,153	254,156	231,666
Paving and related services	138,083	146,477	267,732	288,119
Other	53,478	60,635	142,636	164,497
Total revenue	$ 732,082	$ 694,661	$ 1,665,612	$ 1,609,972

*Revenue from liquid asphalt terminals is included in asphalt revenue.

The following table outlines the significant changes in contract assets and contract liability balances from December 29, 2018 to September 28, 2019. Also included in the table is the net change in estimate as a percentage of aggregate revenue for such contracts:

	Costs and estimated earnings in excess of billings	Billings in excess of costs and estimated earnings
Balance - December 29, 2018	$ 18,602	$ 11,840
Changes in revenue billed, contract price or cost estimates	31,085	618
Other	28	18
Balance - September 28, 2019	$ 49,715	$ 12,476

Accounts receivable, net consisted of the following as of September 28, 2019 and December 29, 2018:

	September 28, 2019	December 29, 2018
Trade accounts receivable	$ 251,426	$ 157,601
Construction contract receivables	71,903	47,994
Retention receivables	17,227	15,010
Receivables from related parties	1,783	629
Accounts receivable	342,339	221,234
Less: Allowance for doubtful accounts	(5,279)	(6,716)
Accounts receivable, net	$ 337,060	$ 214,518

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

4. INVENTORIES

Inventories consisted of the following as of September 28, 2019 and December 29, 2018:

	September 28, 2019	December 29, 2018
Aggregate stockpiles	$ 142,618	$ 151,300
Finished goods	25,240	34,993
Work in process	7,478	7,478
Raw materials	21,679	20,080
Total	$ 197,015	$ 213,851

5. ACCRUED EXPENSES

Accrued expenses consisted of the following as of September 28, 2019 and December 29, 2018:

	September 28, 2019	December 29, 2018
Interest	$ 16,178	$ 26,223
Payroll and benefits	27,860	15,952
Finance lease obligations	17,288	15,557
Insurance	17,035	13,625
Non-income taxes	16,264	7,442
Professional fees	1,051	1,408
Other (1)	22,327	20,284
Total	$ 118,003	$ 100,491

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

6. DEBT

Debt consisted of the following as of September 28, 2019 and December 29, 2018:

	September 28, 2019	December 29, 2018
Term Loan, due 2024:		
$625.8 million and $630.6 million, net of $1.2 million and $1.3 million discount at September 28, 2019 and December 29, 2018, respectively	$ 624,672	$ 629,268
8½% Senior Notes, due 2022	—	250,000
6⅛% Senior Notes, due 2023:		
$650.0 million, net of $1.0 million and $1.1 million discount at September 28, 2019 and December 29, 2018, respectively	649,073	648,891
5⅛% Senior Notes, due 2025	300,000	300,000
6½% Senior Notes, due 2027	300,000	—
Total	1,873,745	1,828,159
Current portion of long-term debt	6,354	6,354
Long-term debt	$ 1,867,391	$ 1,821,805

The contractual payments of long-term debt, including current maturities, for the five years subsequent to September 28, 2019, are as follows:

2019 (three months)	$	1,588
2020		7,942
2021		6,354
2022		6,354
2023		656,354
2024		597,252
Thereafter		600,000
Total		1,875,844
Less: Original issue net discount		(2,099)
Less: Capitalized loan costs		(13,977)
Total debt	$	1,859,768

Senior Notes—On March 15, 2019, Summit LLC and Summit Finance (together, the "Issuers") issued $300.0 million in aggregate principal amount of 6.500% senior notes due March 15, 2027 (the "2027 Notes"). The 2027 Notes were issued at 100.0% of their par value with proceeds of $296.3 million, net of related fees and expenses. The 2027 Notes were issued under an indenture dated March 25, 2019 (the "2019 Indenture"). The 2019 Indenture contains covenants limiting, among other things, Summit LLC and its restricted subsidiaries' ability to incur additional indebtedness or issue certain preferred shares, pay dividends, redeem stock or make other distributions, make certain investments, sell or transfer certain assets, create liens, consolidate, merge, sell or otherwise dispose of all or substantially all of its assets, enter into certain transactions with affiliates, and designate subsidiaries as unrestricted subsidiaries. The 2019 Indenture also contains customary events of default. Interest on the 2027 Notes is payable semi-annually on March 15 and September 15 of each year commencing on September 15, 2019.

In March 2019, using the proceeds from the 2027 Notes, all of the outstanding $250.0 million 8.500% senior notes due 2022 (the "2022 Notes") were redeemed at a price equal to par plus an applicable premium and the indenture under which the 2022 Notes were issued was satisfied and discharged. As a result of the extinguishment, charges of $14.6 million were recognized in the quarter ended March 30, 2019, which included charges of $11.7 million for the applicable redemption premium and $2.9 million for the write-off of deferred financing fees.

In 2017, the Issuers issued $300.0 million of 5.125% senior notes due June 1, 2025 (the "2025 Notes"). The 2025 Notes were issued at 100.0% of their par value with proceeds of $295.4 million, net of related fees and expenses. The 2025 Notes were issued under an indenture dated June 1, 2017, the terms of which are generally consistent with the 2019 Indenture. Interest on the 2025 Notes is payable semi-annually on June 1 and December 1 of each year commencing on December 1, 2017.

In 2015, the Issuers issued $650.0 million of 6.125% senior notes due July 2023 (the "2023 Notes" and collectively with the 2025 Notes and the 2027 Notes, the "Senior Notes"). Of the aggregate $650.0 million of 2023 Notes, $350.0 million were issued at par and $300.0 million were issued at 99.375% of par. The 2023 Notes were issued under an indenture dated July 8, 2015, the terms of which are generally consistent with the 2019 Indenture. Interest on the 2023 Notes is payable semi-annually in arrears on January 15 and July 15 of each year.

As of September 28, 2019 and December 29, 2018, the Company was in compliance with all financial covenants under the applicable indentures.

Senior Secured Credit Facilities— Summit LLC has credit facilities that provide for term loans in an aggregate amount of $650.0 million and revolving credit commitments in an aggregate amount of $345.0 million (the "Senior Secured Credit Facilities"). Under the Senior Secured Credit Facilities, required principal repayments of 0.25% of the refinanced aggregate amount of term debt are due on the last business day of each March, June, September and December commencing with the March 2018 payment. The unpaid principal balance is due in full on the maturity date, which is November 21, 2024.

On February 25, 2019, Summit LLC entered into Incremental Amendment No. 4 to the credit agreement governing the Senior Secured Credit Facilities (the "Credit Agreement") which, among other things, increased the total amount available under the revolving credit facility to $345.0 million and extended the maturity date of the Credit Agreement with respect to the revolving credit commitments to February 25, 2024. During 2018 and 2017, Summit LLC entered into three different amendments to the Credit Agreement, which among other things, reduced the applicable margin in respect to the outstanding principal amount at the time of the respective amendments.

The revolving credit facility bears interest per annum equal to, at Summit LLC's option, either (i) a base rate determined by reference to the highest of (a) the federal funds rate plus 0.50%, (b) the prime rate of Bank of America, N.A. and (c) LIBOR plus 1.00%, plus an applicable margin of 2.00% for base rate loans or (ii) a LIBOR rate determined by reference to Reuters prior to the interest period relevant to such borrowing adjusted for certain additional costs plus an applicable margin of 3.00% for LIBOR rate loans.

There were no outstanding borrowings under the revolving credit facility as of September 28, 2019 and December 29, 2018, with borrowing capacity of $329.8 million remaining as of September 28, 2019, which is net of $15.2 million of outstanding letters of credit. The outstanding letters of credit are renewed annually and support required bonding on construction projects, large leases, workers compensation claims and the Company's insurance liabilities.

Summit LLC's Consolidated First Lien Net Leverage Ratio, as such term is defined in the Credit Agreement, should be no greater than 4.75:1.0 as of each quarter-end. As of September 28, 2019 and December 29, 2018, Summit LLC was in compliance with all financial covenants.

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

The following table presents the activity for the deferred financing fees for the nine months ended September 28, 2019 and September 29, 2018:

	Deferred financing fees
Balance—December 29, 2018	$ 15,475
Loan origination fees	6,312
Amortization	(2,668)
Write off of deferred financing fees	(2,851)
Balance—September 28, 2019	$ 16,268
Balance - December 30, 2017	$ 19,033
Loan origination fees	550
Amortization	(3,074)
Balance - September 29, 2018	$ 16,509

Other—On January 15, 2015, the Company's wholly-owned subsidiary in British Columbia, Canada entered into an agreement with HSBC for a (i) $6.0 million Canadian dollar ("CAD") revolving credit commitment to be used for operating activities that bears interest per annum equal to the bank's prime rate plus 0.20%, (ii) $0.5 million CAD revolving credit commitment to be used for capital equipment that bears interest per annum at the bank's prime rate plus 0.90% and (iii) $0.3 million CAD revolving credit commitment to provide guarantees on behalf of that subsidiary. There were no amounts outstanding under this agreement as of September 28, 2019 or December 29, 2018.

7. INCOME TAXES

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

Our income tax expense was $45.6 million and $34.3 million in the three and nine months ended September 28, 2019, respectively, and our income tax expense was $20.8 million and $16.2 million in the three and nine months ended September 29, 2018, respectively. The effective tax rate for Summit Inc. differs from the federal rate primarily due to (1) unrecognized tax benefits related in the deductibility of interest expense as noted below, (2) state taxes, (3) tax depletion expense in excess of the expense recorded under U.S. GAAP, (4) the minority interest in the Summit Holdings partnership that is allocated outside of the Company and (5) various other items such as limitations on meals and entertainment, certain stock compensation and other costs. In the three and nine months ended September 28, 2019, the increase in the Company's effective tax rate, and related income tax expense, over the prior year is in response to the adoption of proposed regulations issued in late 2018 related to tax reform legislation. The Company's income tax provision is calculated under the provisions of the proposed regulations, which will limit our ability to deduct interest expense in calculating our taxable income. Once the final regulations are issued, the Company will adjust its calculations, if necessary.

As of September 28, 2019 and December 29, 2018, Summit Inc. had a valuation allowance of $29.5 million and $19.4 million, respectively, which relates to certain deferred tax assets in taxable entities where realization is not more likely than not.

Summit Inc. and its subsidiaries expect additional unrecognized tax benefits related to the deductibility of interest expense in 2019 that if recognized would affect the annual effective tax rate, and included that in its estimate of those amounts in its annual effective tax rate. We did not recognize interest or penalties related to this amount as it is offset by other attributes. No material interest or penalties were recognized in income tax expense during the three and nine months ended September 28, 2019 and September 29, 2018. No uncertain tax benefits were recognized in the three and nine months ended September 29, 2018.

Tax Receivable Agreement—The Company is party to a TRA with certain current and former holders of LP Units that provides for the payment by Summit Inc. to exchanging holders of LP Units of 85% of the benefits, if any, that Summit Inc. actually realizes (or, under certain circumstances such as an early termination of the TRA, is deemed to realize) as a result of increases in the tax basis of tangible and intangible assets of Summit Holdings and certain other tax benefits related to entering into the TRA, including tax benefits attributable to payments under the TRA.

In the nine months ended September 28, 2019, 107,336 LP Units were acquired by Summit Inc. in exchange for an equal number of newly-issued shares of Summit Inc.'s Class A common stock. These exchanges resulted in net new deferred tax assets of approximately $0.4 million. As we determined that the deferred tax assets created from these exchanges are realizable and payment under the TRA is considered probable, we have recorded 85% of the increase in deferred tax assets as TRA liability and the remainder as an increase in additional paid in capital. As of September 28, 2019 and December 29, 2018, we had recorded $310.1 million and $310.3 million of TRA liability, respectively, of which $0.6 million was classified as accrued expenses as of December 29, 2018.

Tax Distributions – The holders of Summit Holdings' LP Units, including Summit Inc., incur U.S. federal, state and local income taxes on their share of any taxable income of Summit Holdings. The limited partnership agreement of Summit Holdings provides for pro rata cash distributions ("tax distributions") to the holders of the LP Units in an amount generally calculated to provide each holder of LP Units with sufficient cash to cover its tax liability in respect of the LP Units. In general, these tax distributions are computed based on Summit Holdings' estimated taxable income allocated to Summit Inc. multiplied by an assumed tax rate equal to the highest effective marginal combined U.S. federal, state and local income tax rate in New York, New York. Summit Holdings did not make any tax distributions in the nine months ended September 28, 2019 and made $0.1 million in tax distributions in the nine months ended September 29, 2018.

8. EARNINGS PER SHARE

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

The following table shows the calculation of basic and diluted earnings per share:

	Three months ended		Nine months ended	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
Net income attributable to Summit Inc.	$ 55,757	$ 71,289	$ 23,395	$ 53,069
Weighted average shares of Class A stock outstanding	112,179,137	111,641,344	112,020,275	111,288,211
Basic earnings per share	$ 0.50	$ 0.64	$ 0.21	$ 0.48
Diluted net income attributable to Summit Inc.	$ 55,757	$ 71,289	$ 23,395	$ 53,069
Weighted average shares of Class A stock outstanding	112,179,137	111,641,344	112,020,275	111,288,211
Add: stock options	2,788,221	204,085	216,165	574,739
Add: warrants	100,037	18,631	—	34,134
Add: restricted stock units	384,571	4,515	222,533	402,950
Add: performance stock units	53,156	71,492	38,637	172,690
Weighted average dilutive shares outstanding	115,505,122	111,940,067	112,497,610	112,472,724
Diluted earnings per share	$ 0.48	$ 0.64	$ 0.21	$ 0.47

Excluded from the above calculations were the shares noted below as they were antidilutive:

	Three months ended		Nine months ended	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
Antidilutive shares:				
LP Units	3,368,058	3,448,343	3,404,231	3,538,385
Warrants	—	—	100,037	—

9. STOCKHOLDERS' EQUITY

During 2019 and 2018, certain limited partners of Summit Holdings exchanged their LP Units for shares of Class A common stock of Summit Inc. The following table summarizes the changes in our ownership of Summit Holdings:

	Summit Inc. Shares (Class A)	LP Units	Total	Summit Inc. Ownership Percentage
Balance — December 29, 2018	111,658,927	3,435,518	115,094,445	97.0%
Exchanges during period	107,336	(107,336)	—	
Other equity transactions	509,735	—	509,735	
Balance — September 28, 2019	112,275,998	3,328,182	115,604,180	97.1%
Balance — December 30, 2017	110,350,594	3,689,620	114,040,214	96.8%
Exchanges during period	254,102	(254,102)	—	
Other equity transactions	1,049,856	—	1,049,856	
Balance — September 29, 2018	111,654,552	3,435,518	115,090,070	97.0%

As a result of the Reorganization, Summit Inc. is Summit Holdings' primary beneficiary and thus consolidates Summit Holdings in its consolidated financial statements with a corresponding noncontrolling interest reclassification, which was 2.9% as of September 28, 2019 and December 29, 2018.

Accumulated other comprehensive income (loss) —The changes in each component of accumulated other comprehensive income (loss) consisted of the following:

	Change in retirement plans	Foreign currency translation adjustments	Cash flow hedge adjustments	Accumulated other comprehensive income (loss)
Balance — December 29, 2018	$ 3,573	$ (2,147)	$ 1,255	$ 2,681
Foreign currency translation adjustment, net of tax	—	2,364	—	2,364
Loss on cash flow hedges, net of tax	—	—	(107)	(107)
Balance — September 28, 2019	$ 3,573	$ 217	$ 1,148	$ 4,938
Balance — December 30, 2017	$ 2,364	$ 4,637	$ 385	$ 7,386
Foreign currency translation adjustment, net of tax	—	(2,295)	—	(2,295)
Income on cash flow hedges, net of tax	—	—	1,043	1,043
Balance — September 29, 2018	$ 2,364	$ 2,342	$ 1,428	$ 6,134

10. SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental cash flow information is as follows:

	Nine months ended	
	September 28, 2019	September 29, 2018
Cash payments:		
Interest	$ 89,759	$ 79,367
(Refund) payments for income taxes, net	(912)	3,362
Operating cash payments on operating leases	8,188	N/A
Operating cash payments on finance leases	2,322	N/A
Finance cash payments on finance leases	9,806	N/A
Non cash financing activities:		
Right of use assets obtained in exchange for operating lease obligations	$ 4,387	N/A
Right of use assets obtained in exchange for finance leases obligations	18,586	N/A
Exchange of LP Units to shares of Class A common stock	1,995	7,499

11. LEASES

We lease construction and office equipment, distribution facilities and office space. Leases with an initial term of 12 months or less, including month to month leases, are not recorded on the balance sheet. Lease expense for short-term leases is recognized on a straight line basis over the lease term. For lease agreements entered into or reassessed after the adoption of Topic 842, we combine lease and nonlease components. While we also own mineral leases for mining operations, those leases are outside the scope of Topic 842. Assets acquired under finance leases are included in property, plant and equipment.

Many of our leases include options to purchase the leased equipment. The depreciable life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants. The components of lease expense were as follows:

	Three months ended September 28, 2019	Nine months ended September 28, 2019
Operating lease cost	$ 2,608	$ 7,757
Variable lease cost	151	366
Short-term lease cost	11,871	28,043
Financing lease cost:		
Amortization of right-of-use assets	2,612	7,905
Interest on lease liabilities	773	2,404
Total lease cost	$ 18,015	$ 46,475

	September 28, 2019
Supplemental balance sheet information related to leases:	
Operating leases:	
Operating lease right-of-use assets	$ 33,045
Current operating lease liabilities	$ 8,609
Noncurrent operating lease liabilities	25,329
Total operating lease liabilities	$ 33,938
Finance leases:	
Property and equipment, gross	$ 80,197
Less accumulated depreciation	(23,552)
Property and equipment, net	$ 56,645
Current finance lease liabilities	$ 17,288
Long-term finance lease liabilities	39,093
Total finance lease liabilities	$ 56,381

	September 28, 2019	
	Lease Term	Discount Rate
	(years)	(%)
Weighted average:		
Operating leases	7.7	5.6%
Finance lease	2.7	5.5%

Maturities of lease liabilities were as follows:

	Operating Leases	Finance Leases
2019 (three months)	$ 2,551	$ 5,372
2020	9,800	17,870
2021	7,813	20,578
2022	4,717	12,240
2023	3,570	1,629
2024	1,901	2,131
Thereafter	11,820	2,662
Total lease payments	42,172	62,482
Less imputed interest	(8,234)	(6,101)
Present value of lease payments	$ 33,938	$ 56,381

As previously disclosed, our future minimum lease payment obligations as of December 29, 2018 were as follows:

	Operating Leases
2019	$ 9,479
2020	8,101
2021	6,701
2022	4,279
2023	3,411

12. COMMITMENTS AND CONTINGENCIES

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

In March 2018, we were notified of an investigation by the Canadian Competition Bureau (the "CCB") into pricing practices by certain asphalt paving contractors in British Columbia, including Winvan Paving, Ltd. ("Winvan"). We believe the investigation is focused on time periods prior to our April 2017 acquisition of Winvan and we are cooperating with the CCB.

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

The Company has asset retirement obligations arising from regulatory and contractual requirements to perform reclamation activities at the time certain quarries and landfills are closed. As of September 28, 2019 and December 29, 2018, $27.1 million and $26.9 million, respectively, were included in other noncurrent liabilities on the consolidated balance sheets and $4.8 million and $4.1 million, respectively, were included in accrued expenses for future reclamation costs. The total undiscounted anticipated costs for site reclamation as of September 28, 2019 and December 29, 2018 were $89.4 million and $92.5 million, respectively.

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

13. FAIR VALUE

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

The Company entered into interest rate derivatives on $200.0 million of its term loan borrowings to add stability to interest expense and to manage its exposure to interest rate movements. The interest rate derivative expired in September 2019. The effective portion of changes in the fair value of derivatives designated and that qualify as cash flow hedges is recorded in accumulated other comprehensive income (loss) and will be subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. The fair value of contingent consideration and derivatives as of September 28, 2019 and December 29, 2018 was:

	September 28, 2019	December 29, 2018
Current portion of acquisition-related liabilities and Accrued expenses:		
Contingent consideration	$ 2,674	$ 1,394
Cash flow hedges	—	—
Acquisition-related liabilities and Other noncurrent liabilities:		
Contingent consideration	$ 1,270	$ 5,175
Cash flow hedges	—	—

The fair value of contingent consideration was based on unobservable, or Level 3, inputs, including projected probability-weighted cash payments and a 10.0% discount rate, which reflects a market discount rate. Changes in fair value may occur as a result of a change in actual or projected cash payments, the probability weightings applied by the Company to projected payments or a change in the discount rate. Significant increases or decreases in any of these inputs in isolation could result in a lower, or higher, fair value measurement. The fair value of the cash flow hedges is based on observable, or Level 2, inputs such as interest rates, bond yields and prices in inactive markets. There were no material valuation adjustments to contingent consideration or derivatives as of September 28, 2019 and September 29, 2018.

Financial Instruments—The Company's financial instruments include debt and certain acquisition-related liabilities (deferred consideration and noncompete obligations). The carrying value and fair value of these financial instruments as of September 28, 2019 and December 29, 2018 was:

	September 28, 2019		December 29, 2018	
	Fair Value	Carrying Value	Fair Value	Carrying Value
Level 2				
Long-term debt(1)	$ 1,914,189	$ 1,873,745	$ 1,777,722	$ 1,828,159
Level 3				
Current portion of deferred consideration and noncompete obligations(2)	31,724	31,724	32,876	32,876
Long term portion of deferred consideration and noncompete obligations(3)	39,392	39,392	44,293	44,293

(1) $6.4 million were included in current portion of debt as of September 28, 2019 and December 29, 2018.
(2) Included in current portion of acquisition-related liabilities on the consolidated balance sheets.
(3) Included in acquisition-related liabilities on the consolidated balance sheets.

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

Securities with a maturity of three months or less are considered cash equivalents and the fair value of these assets approximates their carrying value.

14. SEGMENT INFORMATION

The Company has three operating segments: West, East and Cement, which are its reporting segments. These segments are consistent with the Company's management reporting structure.

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

The West and East segments have several acquired subsidiaries that are engaged in various activities including quarry mining, aggregate production and contracting. The Cement segment is engaged in the production of Portland cement.

Assets employed by each segment include assets directly identified with those operations. Corporate assets consist primarily of cash, property, plant and equipment for corporate operations and other assets not directly identifiable with a reportable business segment. The accounting policies applicable to each segment are consistent with those used in the consolidated financial statements.

The following tables display selected financial data for the Company's reportable business segments as of September 28, 2019 and December 29, 2018 and for the three and nine months ended September 28, 2019 and September 29, 2018:

	Three months ended		Nine months ended	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
Revenue*:				
West	$ 366,504	$ 367,912	$ 848,661	$ 871,338
East	266,587	232,777	596,107	525,270
Cement	98,991	93,972	220,844	213,364
Total revenue	$ 732,082	$ 694,661	$ 1,665,612	$ 1,609,972

*Intercompany sales are immaterial and the presentation above only reflects sales to external customers.

	Three months ended		Nine months ended	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
Income from operation before taxes	$ 103,839	$ 94,757	$ 58,998	$ 71,206
Interest expense	28,917	28,889	88,423	86,616
Depreciation, depletion and amortization	54,575	53,494	162,417	149,439
Accretion	552	480	1,723	1,224
Loss on debt financings	—	—	14,565	149
Gain on sale of business	—	(12,108)	—	(12,108)
Transaction costs	751	1,260	1,449	3,817
Non-cash compensation	4,819	5,643	15,424	19,833
Other	(136)	(409)	(2,628)	(7,316)
Total Adjusted EBITDA	$ 193,317	$ 172,006	$ 340,371	$ 312,860
Total Adjusted EBITDA by Segment:				
West	$ 81,936	$ 73,916	$ 151,054	$ 151,316
East	76,825	58,305	134,479	100,497
Cement	42,683	44,299	75,537	82,626
Corporate and other	(8,127)	(4,514)	(20,699)	(21,579)
Total Adjusted EBITDA	$ 193,317	$ 172,006	$ 340,371	$ 312,860

	Nine months ended	
	September 28, 2019	September 29, 2018
Purchases of property, plant and equipment		
West	$ 61,679	$ 104,217
East	61,830	51,968
Cement	15,087	21,621
Total reportable segments	138,596	177,806
Corporate and other	1,166	5,946
Total purchases of property, plant and equipment	$ 139,762	$ 183,752

	Three months ended		Nine months ended	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
Depreciation, depletion, amortization and accretion:				
West	$ 23,307	$ 23,289	$ 70,156	$ 68,029
East	19,668	19,429	59,719	54,982
Cement	11,111	10,682	31,280	25,733
Total reportable segments	54,086	53,400	161,155	148,744
Corporate and other	1,041	574	2,985	1,919
Total depreciation, depletion, amortization and accretion	$ 55,127	$ 53,974	$ 164,140	$ 150,663

	September 28, 2019	December 29, 2018
Total assets:		
West	$ 1,440,010	$ 1,370,501
East	1,334,247	1,253,640
Cement	879,140	877,586
Total reportable segments	3,653,397	3,501,727
Corporate and other	388,717	355,914
Total	$ 4,042,114	$ 3,857,641

SUMMIT MATERIALS, LLC AND SUBSIDIARIES

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited consolidated financial statements and notes thereto for Summit Materials, LLC and subsidiaries are included as Exhibit 99.1 to this Quarterly Report on Form 10-Q and are incorporated by reference herein.

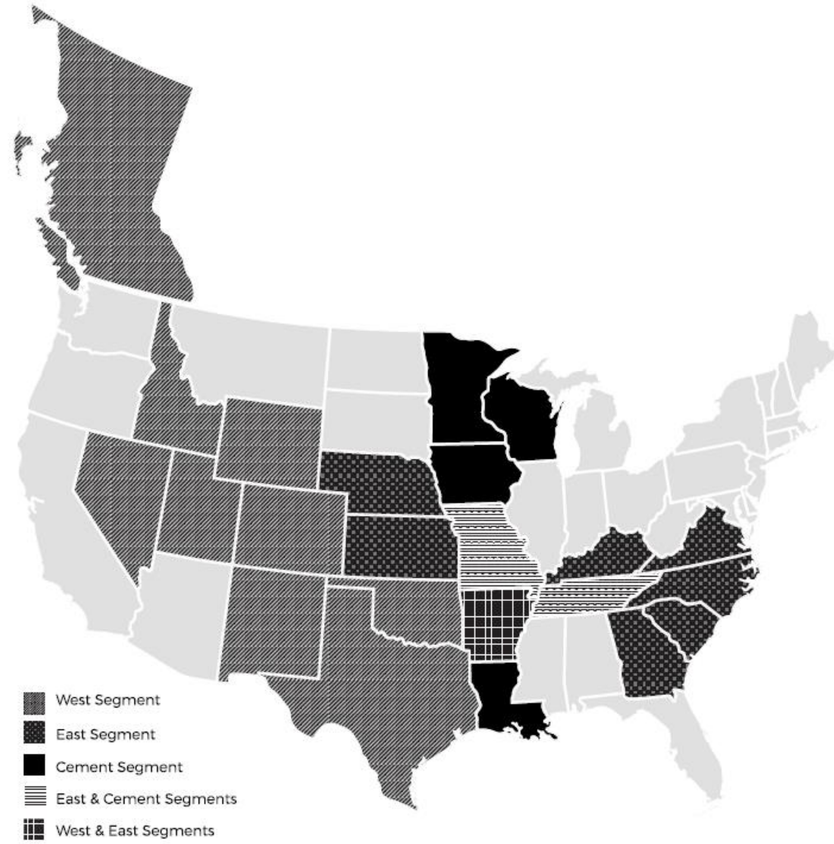
ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management's Discussion and Analysis of Financial Condition and Results of Operations is intended to assist in understanding and assessing the trends and significant changes in our results of operations and financial condition. Historical results may not be indicative of future performance. Forward-looking statements reflect our current views about future events, are based on assumptions and are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those contemplated by these statements. Factors that may cause differences between actual results and those contemplated by forward-looking statements include, but are not limited to, those discussed in the section entitled "Risk Factors" in the Annual Report, and any factors discussed in the sections entitled "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors" of this report. This Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with our consolidated interim financial statements and the related notes and other information included in this report.

Overview

We are one of the fastest growing construction materials companies in the United States. Within our markets, we offer customers a single-source provider for construction materials and related downstream products through our vertical integration. Our materials include aggregates, which we supply across the United States, and in British Columbia, Canada, and cement, which we supply to surrounding states along the Mississippi River from Minnesota to Louisiana. In addition to supplying aggregates to customers, we use a portion of our materials internally to produce ready-mix concrete and asphalt paving mix, which may be sold externally or used in our paving and related services businesses. Our vertical integration creates opportunities to increase aggregates volumes, optimize margin at each stage of production and provide customers with efficiency gains, convenience and reliability, which we believe gives us a competitive advantage.

Since our inception in 2009, we have completed dozens of acquisitions that make up our three distinct operating segments: West, East and Cement, which are also our reporting segments. We operate in 23 U.S. states and British Columbia, Canada and currently have assets in 22 U.S. states and in British Columbia, Canada. The map below illustrates our geographic footprint.



Business Trends and Conditions

The U.S. construction materials industry is composed of four primary sectors: aggregates; cement; ready-mix concrete; and asphalt paving mix. Each of these materials is widely used in most forms of construction activity. Participants in these sectors typically range from small, privately-held companies focused on a single material, product or market to multinational corporations that offer a wide array of construction materials and services. Competition is constrained in part by the distance materials can be transported efficiently, resulting in predominantly local or regional operations. Due to the lack of product differentiation, competition for all of our products is predominantly based on price and, to a lesser extent, quality of products and service. As a result, the prices we charge our customers are not likely to be materially different from the prices charged by other producers in the same markets. Accordingly, our profitability is generally dependent on the level of demand for our materials and products and our ability to control operating costs.

Our revenue is derived from multiple end-use markets including public infrastructure construction and private residential and nonresidential construction. Public infrastructure includes spending by federal, state, provincial and local governments for roads, highways, bridges, airports and other infrastructure projects. Public infrastructure projects have historically been a relatively stable portion of state and federal budgets. Residential and nonresidential construction consists of new construction and repair and remodel markets. Any economic stagnation or decline, which could vary by local region and market, could affect our results of operations. Our sales and earnings are sensitive to national, regional and local economic conditions and particularly to cyclical changes in construction spending, especially in the private sector. From a macroeconomic view, we see positive indicators for the construction sector, including positive trends in highway obligations, housing starts and construction employment.

Transportation infrastructure projects, driven by both federal and state funding programs, represent a significant share of the U.S. construction materials market. Federal funds are allocated to the states, which are required to match a portion of the federal funds they receive. Federal highway spending uses funds predominantly from the Federal Highway Trust Fund, which derives its revenue from taxes on diesel fuel, gasoline and other user fees. The dependability of federal funding allows the state departments of transportation to plan for their long-term highway construction and maintenance needs. Funding for the existing federal transportation funding program extends through 2020. With the nation's infrastructure aging, there is increased demand by states and municipalities for long-term federal funding to support the construction of new roads, highways and bridges in addition to the maintaining the existing infrastructure.

In addition to federal funding, state, county and local agencies provide highway construction and maintenance funding. Our four largest states by revenue, Texas, Utah, Kansas and Missouri, represented approximately 23%, 13%, 12% and 8%, respectively, of our total revenue in 2018. The following is a summary of key funding initiatives in those states:

- According to the Texas Department of Transportation ("TXDOT"), annual funding available for transportation infrastructure, including state and federal funding, is estimated to average $16.2 billion over fiscal year 2020 (which commenced September 1, 2019) and fiscal year 2021. Further, the 2020 Unified Transportation Program ("UTP") was approved by the Texas Transportation Commission in September 2019 at $77 billion to fund transportation projects from 2020 through 2029; this is an increase from $71 billion in 2018, $75 billion in 2019, and more than double the fiscal year 2016 level, which was prior to the Proposition 1 and Proposition 7 funding initiatives, which are discussed in further detail below. The funding available in any given year is separate and distinct from lettings, or the process of providing notice, issuing proposals, receiving proposals, and awarding contracts. In August 2019, TXDOT announced fiscal year 2019 state and local lettings were $8.9 billion, up 21.9% from $7.3 billion in fiscal year 2018, updated its fiscal year 2020 lettings estimate to $6.9 billion, and provided a fiscal year 2021 lettings estimate of $13.9 billion. Longer-term, TXDOT has indicated a target of $8 billion per year in total state and local lettings.

  - In February 2018, the federal government approved approximately $89 billion in relief funding related to a series of natural disasters, including Hurricane Harvey, which impacted the Houston market in the second half of 2017. Furthermore, in June 2019, Congress passed an additional $19.1 billion disaster aid package and released more than $4 billion to Texas that Congress originally allocated in early 2018. At the state-level, between December 2018 and January 2019, the Texas Land Commission and the City of Houston announced two federally funded programs, totaling $2.27 billion, to assist homeowners affected by Hurricane Harvey; and in July 2019, the Governor signed four bills aimed at improving the state's emergency preparedness and disaster relief programs, including a framework that provides more than $1.6 billion for flood control projects and repairs across the state. We believe that the federal and state-level funding stemming from these legislative actions will drive significant new water and transportation infrastructure construction in the Houston market over the coming years.

  - In November 2015, Texas voters approved the ballot measure known as Proposition 7, authorizing a constitutional amendment for transportation funding. The amendment dedicates a portion of the state's general sales and use taxes and motor vehicle sales and rental taxes to the State Highway Fund ("SHF") for use on non-tolled projects. Beginning in September 2017 (fiscal year 2018), if general state sales and use tax revenue exceeds $28 billion in a fiscal year, the next $2.5 billion will be directed to the SHF. Additionally, beginning in September 2019 (fiscal year 2020), if state motor vehicle sales and rental tax revenue exceeds $5 billion in a fiscal year, 35% of the amount above $5 billion will be directed to the SHF. In fiscal year 2018 sales tax revenue exceeded $30.5 billion, and as such, fiscal year 2019 was the first year in which the full Proposition 7 funding potential, $2.5 billion, was transferred to the SHF. Furthermore, as of October 2019, the Texas Office of the Comptroller expects $2.5 billion per annum to be transferred to the SHF in both fiscal year 2020 and 2021.

  - In November 2014, Texas voters approved a ballot measure known as Proposition 1, which authorized a portion of the severance taxes on oil and natural gas to be redirected to the SHF each year. In September 2018, TXDOT announced that it anticipated that funding from Proposition 1 for fiscal year 2019 would be $1.37 billion, up from $734 million received in fiscal year 2018. Furthermore, in May 2019, the Texas Office of the Comptroller increased its fiscal year 2020 Proposition 1 transfer estimate to $1.7 billion and in June 2019, the Texas State Legislature extended the sunset period on Proposition 1 to 2034 from 2024.

- Utah's transportation investment fund has $2.3 billion programmed for 2017 through 2022. In early 2017, Utah's governor signed into law a measure to allow the state to issue up to $1 billion in highway general obligation bonds to accelerate funding for several projects that the Utah Transportation Commission already approved. Furthermore, in January 2019, Utah's Transportation Governance and Funding Task Force, appointed by the state legislature in 2017, released draft legislation that would increase fees on electric and hybrid vehicles and create a hotel room tax and local option sales tax to aid in transit development. The proposal would also authorize the Utah Department of Transportation to begin a study on a road usage charge pilot program.

- In May 2010, Kansas passed a 10-year $8.2 billion highway bill. In May 2018, a legislative task force was convened to evaluate the current transportation system's condition and funding of the state's transportation system. The task force released its formal report in January 2019, concluding that it is imperative that the State of Kansas provides consistent, stable funding in order to maintain a quality transportation system; highlighting the negative impacts of $2.1 billion in transfers out of the State Highway Fund since 2011; and recommending that the state legislature review new potential sources of additional funding, including increasing registration fees, motor fuels taxes and fees for oversize vehicles and implementing new fees specific to alternative-fuel vehicles. Based on the task force's recommendations, in March 2019, the Kansas State Legislature approved the Governor's fiscal year 2020 budget with $1.5 billion in transportation funding, a 32% increase from the $1.1 billion in fiscal year 2019, with the further plan to eliminate all transfers out of the State Highway Fund by 2023, starting with a $108 million reduction in fiscal year 2020 transfers. Furthermore, within the Kansas Department of Transportation budget, the highway program was allocated $546 million, an increase of 138% or $317 million from fiscal year 2017. Most recently, in August 2019, the Governor authorized an additional $216 million in sales tax revenue to remain in the state highway fund in fiscal year 2020 to help restore the bridge replacement program.

- In July 2019, the Missouri Highways and Transportation Commission approved the 2020 Statewide Transportation Improvement Program ("STIP"), which increased funding to $4.6 billion for highway and bridge construction through 2024 from $4.5 billion in the 2019 STIP and $4.2 billion in the 2018 STIP.

Use and consumption of our products fluctuate due to seasonality. Nearly all of the products used by us, and by our customers, in the private construction and public infrastructure industries are used outdoors. Our highway operations and production and distribution facilities are also located outdoors. Therefore, seasonal changes and other weather-related conditions, in particular extended rainy and cold weather in the spring and fall and major weather events, such as hurricanes, tornadoes, tropical storms and heavy snows, can adversely affect our business and operations through a decline in both the use of our products and demand for our services. In addition, construction materials production and shipment levels follow activity in the construction industry, which typically occurs in the spring, summer and fall. Warmer and drier weather during the second and third quarters of our fiscal year typically result in higher activity and revenue levels during those quarters.

We are subject to commodity price risk with respect to price changes in liquid asphalt and energy, including fossil fuels and electricity for aggregates, cement, ready-mix concrete and asphalt paving mix production, natural gas for hot mix asphalt production and diesel fuel for distribution vehicles and production related mobile equipment. Liquid asphalt escalator provisions in most of our private and commercial contracts limit our exposure to price fluctuations in this commodity. We often obtain similar escalators on public infrastructure contracts. In addition, we enter into various firm purchase commitments, with terms generally less than one year, for certain raw materials.

Backlog

Our products are generally delivered upon receipt of orders or requests from customers, or shortly thereafter. Accordingly, the backlog associated with product sales is converted into revenue within a relatively short period of time. Inventory for products is generally maintained in sufficient quantities to meet rapid delivery requirements of customers. Therefore, a period-over-period increase or decrease of backlog does not necessarily result in an improvement or a deterioration of our business. Our backlog includes only those products and projects for which we have obtained a purchase order or a signed contract with the customer and does not include products purchased and sold or services awarded and provided within the period. Subject to applicable contract terms, substantially all contracts in our backlog may be canceled or modified by our customers. Historically, we have not been materially adversely affected by contract cancellations or modifications.

As a vertically-integrated business, approximately 21% of aggregates sold were used internally in our ready-mix concrete and asphalt paving mixes and approximately 68% of the asphalt paving mixes were laid by our paving crews during the nine months ended September 28, 2019. Our backlog as of September 28, 2019, was 13.0 million tons of aggregates, 1.8 million cubic yards of ready-mix concrete, 3.8 million tons of asphalt and $495.1 million of construction services, which includes the value of the aggregate and asphalt tons and ready-mix concrete cubic yards that are expected to be sourced internally.

Financial Highlights

The principal factors in evaluating our financial condition and operating results as of and for the three and nine months ended September 28, 2019 as compared to the three and nine months ended September 29, 2018, and certain other highlights include:

- Net revenue increased $40.8 million and $60.2 million in the three and nine months ended September 28, 2019, respectively, primarily resulting from organic growth and contributions from our acquisitions.
- Our operating income increased $22.7 million and $19.7 million in the three and nine months ended September 28, 2019, respectively, as revenue increases exceeded the increases in cost of revenue.
- In March 2019, we issued $300.0 million of 6.500% senior notes due 2027 (the “2027 Notes”), resulting in net proceeds of $296.3 million, after related fees and expenses. The proceeds from the 2027 Notes were used to redeem the $250.0 million of 8.500% senior notes due 2022 (the “2022 Notes”).
- In February 2019, we entered into Incremental Amendment No. 4 to the Credit Agreement (as defined below) increasing the size of our revolving credit facility to $345.0 million and extending the maturity date with respect to the revolving credit commitments to February 25, 2024.
- In September 2018, the Company sold a non-core business in the West segment, resulting in cash proceeds of $21.6 million and a total gain on the disposition of the business of $12.1 million.

Results of Operations

The following discussion of our results of operations is focused on the key financial measures we use to evaluate the performance of our business from both a consolidated and operating segment perspective. Operating income and margins are discussed in terms of changes in volume, pricing and mix of revenue source (i.e., type of product sales or service revenue). We focus on operating margin, which we define as operating income as a percentage of net revenue, as a key metric when assessing the performance of the business, as we believe that analyzing changes in costs in relation to changes in revenue provides more meaningful insight into the results of operations than examining costs in isolation.

Operating income (loss) reflects our profit from continuing operations after taking into consideration cost of revenue, general and administrative expenses, depreciation, depletion, amortization and accretion and transaction costs. Cost of revenue generally increases ratably with revenue, as labor, transportation costs and subcontractor costs are recorded in cost of revenue. In periods where our revenue growth occurs primarily through acquisitions, general and administrative expenses and depreciation, depletion, amortization and accretion have historically grown ratably with revenue. However, as organic volumes increase, we expect these costs as a percentage of revenue, to decrease. General and administrative expenses as a percentage of revenue vary throughout the year due to the seasonality of our business. Our transaction costs fluctuate with the level acquisition activity each year.

The table below includes revenue and operating income (loss) by segment for the three and nine months ended September 28, 2019 and September 29, 2018. Operating income (loss) by segment is computed as earnings before interest, taxes and other income/expense.

	Three months ended				Nine months ended			
	September 28, 2019		September 29, 2018		September 28, 2019		September 29, 2018	
(in thousands)	Revenue	Operating income (loss)	Revenue	Operating income (loss)	Revenue	Operating income (loss)	Revenue	Operating income (loss)
West	$ 366,504	$ 58,501	$ 367,912	$ 48,196	$ 848,661	$ 78,503	$ 871,338	$ 80,479
East	266,587	55,521	232,777	37,984	596,107	71,927	525,270	44,035
Cement	98,991	31,504	93,972	33,513	220,844	44,074	213,364	56,503
Corporate (1)	—	(14,645)	—	(11,526)	—	(40,872)	—	(47,096)
Total	$ 732,082	$ 130,881	$ 694,661	$ 108,167	$ 1,665,612	$ 153,632	$ 1,609,972	$ 133,921

(1) Corporate results primarily consist of compensation and office expenses for employees included in the Company's headquarters.

Consolidated Results of Operations

The table below sets forth our consolidated results of operations for the three and nine months ended September 28, 2019 and September 29, 2018.

(in thousands)	Three months ended September 28, 2019	Three months ended September 29, 2018	Nine months ended September 28, 2019	Nine months ended September 29, 2018
Net revenue	$ 665,847	$ 625,017	$ 1,524,388	$ 1,464,168
Delivery and subcontract revenue	66,235	69,644	141,224	145,804
Total revenue	732,082	694,661	1,665,612	1,609,972
Cost of revenue (excluding items shown separately below)	482,979	471,803	1,155,476	1,130,596
General and administrative expenses	62,344	59,457	190,915	190,975
Depreciation, depletion, amortization and accretion	55,127	53,974	164,140	150,663
Transaction costs	751	1,260	1,449	3,817
Operating income	130,881	108,167	153,632	133,921
Interest expense (1)	28,917	28,889	88,423	86,616
Loss on debt financings	—	—	14,565	149
Gain on sale of business	—	(12,108)	—	(12,108)
Other income, net	(1,875)	(3,371)	(8,354)	(11,942)
Income from operation before taxes	103,839	94,757	58,998	71,206
Income tax expense (1)	45,602	20,765	34,272	16,249
Net income	$ 58,237	$ 73,992	$ 24,726	$ 54,957

(1) The statement of operations above is based on the financial results of Summit Inc. and its subsidiaries. The statement of operations of Summit LLC and its subsidiaries differs from Summit Inc. in that Summit LLC has $0.1 million and $0.4 million less interest expense than Summit Inc. in the three and nine months ended September 28, 2019, respectively. The additional interest expense for Summit Inc. is associated with a deferred consideration obligation of Summit Holdings, which is excluded from Summit LLC's consolidated interest expense.

Three and nine months ended September 28, 2019 compared to the three and nine months ended September 29, 2018

($ in thousands)	Three months ended September 28, 2019	Three months ended September 29, 2018	Variance		Nine months ended September 28, 2019	Nine months ended September 29, 2018	Variance	
Net revenue	$ 665,847	$ 625,017	$ 40,830	6.5%	$ 1,524,388	$ 1,464,168	$ 60,220	4.1%
Operating income	130,881	108,167	22,714	21.0%	153,632	133,921	19,711	14.7%
Operating margin percentage	19.7%	17.3%			10.1%	9.1%		
Adjusted EBITDA (1)	$ 193,317	$ 172,006	$ 21,311	12.4%	$ 340,371	$ 312,860	$ 27,511	8.8%

(1) Adjusted EBITDA is a non-GAAP measure that we find helpful in monitoring the performance of our business. See "Non-GAAP Performance Measures" below for a reconciliation of Adjusted EBITDA to net income, which is the most directly comparable GAAP measure.

Net revenue increased $40.8 million in the three months ended September 28, 2019, resulting primarily from organic growth, and to a lesser extent, our acquisition program. Of the increase in net revenue, $32.5 million was from increased sales of materials and $9.4 million from increased sales of products, offset by a $1.1 million decrease in service revenue. We generated organic volume growth of 11.4%, 3.8%, 1.3% and 2.3% in aggregates, cement, ready-mix concrete and asphalt, respectively. We had organic price growth in across all of our lines of business during the third quarter of 2019. Additional discussion about the impact of acquisitions on each segment is presented in more detail below.

Net revenue increased $60.2 million in the nine months ended September 28, 2019, primarily resulting from organic growth in our aggregates and asphalt operations, and to a lesser extent, our acquisition program. Of the increase in net revenue, $78.6 million was from increased sales of materials, offset by a $4.2 million decrease in sales of products and a $14.2 million decrease in service revenue. We generated organic volume growth of 7.7%, 2.9% and 2.0% in aggregates, cement and asphalt, respectively, during the first nine months of 2019 over the prior year period, while our organic ready-mix volumes decreased 3.7% compared to the first nine months of 2018. We had organic price growth in our aggregate, cement, ready-mix and asphalt lines of business of 7.3%, 1.4%, 2.2% and 6.8%, respectively, during the first nine months of 2019. Additional discussion about the impact of acquisitions on each segment is presented in more detail below.

In the three months ended September 28, 2019, our net revenue growth was $3.1 million and $37.7 million from acquisitions and organic revenue, respectively. Weather conditions in the three months ended September 28, 2019 were more favorable than those in the same period in 2018, which also contributed to increases in volumes and net revenue. Operating income increased by $22.7 million in the third quarter of 2019 as compared to the third quarter of 2018 primarily as we produced net revenue gains in excess of increases in our cost of revenue. Our general and administrative expenses increased in the third quarter of 2019, as compared to the same period a year ago, as incentive compensation in the third quarter of 2018 was reduced to reflect lower levels of earnings. Our depreciation, depletion, amortization and accretion increased $1.2 million primarily because lower levels of cement production in our Cement segment led to less depreciation being capitalized into inventory, as well as due to higher depreciation levels from our acquisition program.

In the nine months ended September 28, 2019, our net revenue growth was $26.6 million and $33.6 million from acquisitions and organic revenue, respectively. Operating income increased by $19.7 million in the first nine months of 2019 as compared to the first nine months of 2018 primarily as we produced net revenue gains in excess of our costs of revenue, partially offset by a $13.5 million increase in depreciation, depletion, amortization and accretion expense, partially due to acquisitions completed in the second half of 2018, as well as less depreciation being capitalized into inventory as inventory levels are decreased.

Our operating margin percentage increased from 17.3% to 19.7% and increased from 9.1% to 10.1% in the three and nine months ended September 28, 2019, respectively, due to the items noted above. Adjusted EBITDA, as defined in "Non-GAAP Performance Measures" below, increased by $21.3 million and $27.5 million in the three and nine months ended September 28, 2019, respectively, due to the factors noted above.

As a vertically-integrated company, we include intercompany sales from materials to products and from products to services when assessing the operating results of our business. We refer to revenue inclusive of intercompany sales as gross revenue. These intercompany transactions are eliminated in the consolidated financial statements. Gross revenue by line of business was as follows:

	Three months ended		Variance		Nine months ended		Variance	
($ in thousands)	September 28, 2019	September 29, 2018			September 28, 2019	September 29, 2018		
Revenue by product*:								
Aggregates	$ 176,929	$ 146,913	$ 30,016	20.4 %	$ 447,159	$ 368,005	$ 79,154	21.5 %
Cement	95,486	89,224	6,262	7.0 %	209,334	200,704	8,630	4.3 %
Ready-mix concrete	173,035	165,204	7,831	4.7 %	444,702	448,442	(3,740)	(0.8)%
Asphalt	152,821	133,747	19,074	14.3 %	283,225	244,000	39,225	16.1 %
Paving and related services	243,039	248,460	(5,421)	(2.2)%	451,133	467,941	(16,808)	(3.6)%
Other	(109,228)	(88,887)	(20,341)	(22.9)%	(169,941)	(119,120)	(50,821)	(42.7)%
Total revenue	$ 732,082	$ 694,661	$ 37,421	5.4 %	$ 1,665,612	$ 1,609,972	$ 55,640	3.5 %

*Revenue by product includes intercompany and intracompany sales transferred at market value. The elimination of intracompany transactions is included in Other. Revenue from the liquid asphalt terminals is included in asphalt revenue.

Detail of our volumes and average selling prices by product in the three and nine months ended September 28, 2019 and September 29, 2018 were as follows:

	Three months ended					
	September 28, 2019		September 29, 2018			
	Volume(1) (in thousands)	Pricing(2)	Volume(1) (in thousands)	Pricing(2)	Percentage Change in Volume	Percentage Change in Pricing
Aggregates	15,895	$ 11.13	14,116	$ 10.41	12.6 %	6.9%
Cement	826	115.54	796	112.03	3.8 %	3.1%
Ready-mix concrete	1,546	111.94	1,519	108.75	1.8 %	2.9%
Asphalt	2,263	60.40	2,212	56.34	2.3 %	7.2%

	Nine months ended					
	September 28, 2019		September 29, 2018			
	Volume(1) (in thousands)	Pricing(2)	Volume(1) (in thousands)	Pricing(2)	Percentage Change in Volume	Percentage Change in Pricing
Aggregates	40,630	$ 11.01	36,081	$ 10.20	12.6 %	7.9%
Cement	1,821	114.95	1,770	113.37	2.9 %	1.4%
Ready-mix concrete	4,035	110.22	4,164	107.69	(3.1)%	2.3%
Asphalt	4,280	59.00	4,173	55.35	2.6 %	6.6%

(1) Volumes are shown in tons for aggregates, cement and asphalt and in cubic yards for ready-mix concrete.
(2) Pricing is shown on a per ton basis for aggregates, cement and asphalt and on a per cubic yard basis for ready-mix concrete.

Revenue from aggregates increased $30.0 million and $79.2 million in the three and nine months ended September 28, 2019, respectively, due to increased volumes and improved average sales prices. Aggregate volumes growth was attributable primarily to organic growth in both the West and East segments, and to a lesser extent, our acquisition program. Organic aggregate volumes increased 7.7% in the first nine months of 2019 as compared to the same period a year ago, primarily due to increases in Missouri, Kansas and Texas markets. Aggregate average sales prices of $11.01 per ton increased 7.9% in the first nine months of 2019 as compared to the first nine months of 2018, supported by strong increases in Missouri.

Revenue from cement increased $6.3 million and $8.6 million in the three and nine months ended September 28, 2019, respectively. The increase was primarily due to a 3.8% and 2.9% increase in organic volumes and a 3.1% and 1.4% increase in organic average sales prices in the three and nine months ended September 28, 2019, respectively, as compared to the same periods in the prior year.

Revenue from ready-mix concrete increased $7.8 million in the three months ended September 28, 2019, while experiencing a decrease of $3.7 million in the nine months ended September 28, 2019, respectively. The increase in the third quarter is due to an increase of 1.8% in volumes as well as a 2.9% increase in average selling prices. The increase in volumes occurred primarily in Kansas and Arkansas. In the nine months ended September 28, 2019, our ready-mix volumes decreased 3.1%, while our average sales prices increased 2.3%. These volume decreases occurred in both the West and East segments, with increases in average prices also occurring in both the West and East segments. Volumes in the Texas and Intermountain regions were impacted by less favorable weather conditions during the first nine months of 2019 as compared to 2018.

Revenue from asphalt increased $19.1 million and $39.2 million in the three and nine months ended September 28, 2019, respectively. In the first nine months of 2019, our organic increases in volumes and pricing were 2.0% and 6.8%, respectively, with strong pricing gains in Kansas, Texas and the Intermountain geographies.

Other Financial Information

Loss on Debt Financings

In March 2019, we used the net proceeds from the offering of the 2027 Notes to redeem all of the outstanding 2022 Notes. In connection with that transaction, charges of $14.6 million were recognized in the nine months ended September 28, 2019. The fees included $11.7 million for the applicable prepayment premium and $2.9 million for the write-off of unamortized deferred financing fees.

Other Income, net

During the second quarter of 2019, we reduced the estimated liability related to an earnout provision for one of our operations in the East segment by $2.0 million. As the period of time to record this adjustment against the purchase accounting entries had passed, this adjustment was recorded as other income.

Income Tax Expense

Our income tax expense was $45.6 million and $34.3 million in the three and nine months ended September 28, 2019, respectively, and our income tax expense was $20.8 million and $16.2 million in the three and nine months ended September 29, 2018, respectively. Our effective tax rate for Summit Inc. differs from the federal rate primarily due to (1) unrecognized tax benefits related in the deductibility of interest expense, (2) state taxes, (3) tax depletion expense in excess of the expense recorded under U.S. GAAP, (4) the minority interest in the Summit Holdings partnership that is allocated outside of the Company and (5) various other items such as limitations on meals and entertainment, certain stock compensation and other costs. The increase in the Company's effective tax rate, and related income tax expense, over the prior year is in response to the adoption of proposed regulations issued in late 2018 related to tax reform legislation. The Company's income tax provision is calculated under the provisions of the proposed regulations, which will limit our ability to deduct interest expense in calculating our taxable income. Once the final regulations are issued, the Company will adjust its calculations, if necessary.

The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible, as well as consideration of tax-planning strategies we may seek to utilize net operating loss carryforwards that begin to expire in 2030.

As of September 28, 2019 and December 29, 2018, Summit Inc. had a valuation allowance of $29.5 million and $19.4 million, respectively, which relates to certain deferred tax assets in taxable entities where realization is not more likely than not.

Segment results of operations

West Segment

	Three months ended				Nine months ended			
($ in thousands)	September 28, 2019	September 29, 2018	Variance		September 28, 2019	September 29, 2018	Variance	
Net revenue	$ 331,501	$ 329,346	$ 2,155	0.7%	$ 773,036	$ 791,975	$ (18,939)	(2.4)%
Operating income	58,501	48,196	10,305	21.4%	78,503	80,479	(1,976)	(2.5)%
Operating margin percentage	17.6%	14.6%			10.2%	10.2%		
Adjusted EBITDA (1)	$ 81,936	$ 73,916	$ 8,020	10.9%	$ 151,054	$ 151,316	$ (262)	(0.2)%

(1) Adjusted EBITDA is a non-GAAP measure that we find helpful in monitoring the performance of our business. See "Non-GAAP Performance Measures" below for a reconciliation of Adjusted EBITDA to net income, which is the most directly comparable GAAP measure.

Net revenue increased $2.2 million in the three months ended September 28, 2019, partially due to increases in our aggregates, ready-mix and asphalt revenues, partially offset by a decrease from the sale of a non-core business in the third quarter of 2018. Organic aggregate volumes increased 3.5% and organic aggregate average sales prices increased 4.1% in the third quarter of 2019 as compared to the same period in 2018. While ready-mix and asphalt sales volumes approximated prior year amounts, average sales prices for both increased 4.0% and 7.8% respectively over the comparable prior period amounts.

Net revenue in the West segment decreased $18.9 million in the nine months ended September 28, 2019, primarily due to the sale of a non-core business in the third quarter of 2018, partially offset by increases in net revenues from aggregates and asphalt. Organic aggregate volumes increased 4.1% in the first nine months of 2019 as compared to the first nine months of 2018, and organic aggregates average sales prices increased 4.4%. Organic ready-mix concrete volumes were down 4.1% while we achieved a 2.4% increase in organic ready-mix concrete average sales prices.

The West segment's operating income increased $10.3 million and decreased $2.0 million in the three and nine months ended September 28, 2019, respectively. Adjusted EBITDA increased $8.0 million and decreased $0.3 million in the three and nine months ended September 28, 2019, respectively. The increases in operating income and Adjusted EBITDA occurred as the weather conditions in 2019 have been improved over 2018, which has resulted in operational efficiencies. These operational efficiencies were partially offset by the loss of a piece of mining equipment in the second quarter of 2019. The operating margin percentage in the West segment increased 300 basis points and remained consistent in the three and nine months ended September 28, 2019 as compared to the three and nine months ended September 29, 2018, respectively, due to the impact of the same items noted above.

Gross revenue by product/ service was as follows:

	Three months ended				Nine months ended			
($ in thousands)	September 28, 2019	September 29, 2018	Variance		September 28, 2019	September 29, 2018	Variance	
Revenue by product*:								
Aggregates	$ 73,063	$ 66,062	$ 7,001	10.6 %	$ 185,789	$ 165,592	$ 20,197	12.2 %
Ready-mix concrete	128,243	123,770	4,473	3.6 %	340,349	343,391	(3,042)	(0.9)%
Asphalt	99,023	88,986	10,037	11.3 %	194,121	171,259	22,862	13.3 %
Paving and related services	142,115	154,017	(11,902)	(7.7)%	273,356	295,595	(22,239)	(7.5)%
Other	(75,940)	(64,923)	(11,017)	(17.0)%	(144,954)	(104,499)	(40,455)	(38.7)%
Total revenue	$ 366,504	$ 367,912	$ (1,408)	(0.4)%	$ 848,661	$ 871,338	$ (22,677)	(2.6)%

*Revenue by product includes intercompany and intracompany sales transferred at market value. The elimination of intracompany transactions is included in "Other" which also includes revenue from a non-core business which was sold in the third quarter of 2018. Revenue from the liquid asphalt terminals is included in asphalt revenue.

The West segment's percent changes in sales volumes and pricing in the three and nine months ended September 28, 2019 from the three and nine months ended September 29, 2018 were as follows:

	Three months ended		Nine months ended	
	Percentage Change in		Percentage Change in	
	Volume	Pricing	Volume	Pricing
Aggregates	6.0 %	4.3%	7.1 %	4.8%
Ready-mix concrete	(0.4)%	4.0%	(3.3)%	2.6%
Asphalt	(0.7)%	7.8%	0.9 %	5.6%

Gross revenue from aggregates in the West segment increased $7.0 million and $20.2 million in the three and nine months ended September 28, 2019, respectively, due to an increase in organic volumes and average selling prices. The increase in aggregates volumes was primarily in our Texas markets. Aggregates pricing for the three and nine months ended September 28, 2019 increased 4.3% and 4.8%, respectively, when compared to the same period in 2018.

Revenue from ready-mix concrete in the West segment increased $4.5 million and decreased $3.0 million in the three and nine months ended September 28, 2019, respectively. For the three months ended September 28, 2019, organic ready-mix concrete prices increased 3.7%. For the nine months ended September 28, 2019, our ready-mix concrete organic volumes decreased 4.1% due to challenging weather conditions in Texas and the Intermountain geographies primarily in the first half of 2019.

Revenue from asphalt in the West segment increased $10.0 million and $22.9 million in the three and nine months ended September 28, 2019, respectively. Our third quarter asphalt volumes decreased 0.7%, while our volumes in the first nine months of 2019 were 0.9% higher than the comparable period in 2018. Average sales prices for asphalt increased 7.8% and 5.6% in the three and nine month periods ended September 28, 2019, respectively. Additionally, our liquid asphalt terminal, damaged by Hurricane Harvey, was in service during the three and nine months ended September 28, 2019 but not in the comparable 2018 periods. Revenue for paving and related services in the West segment decreased by $11.9 million and $22.2 million in the three and nine months ended September 28, 2019, respectively, due to a shift towards more private sector projects and more competitive bidding in the Utah market.

Prior to eliminations of intercompany transactions, the net effect of volume and pricing changes on gross revenue in the nine months ended September 28, 2019 was approximately $2.4 million and $37.6 million, respectively.

Our Austin business operates a liquid asphalt terminal in the Houston area which was damaged by Hurricane Harvey in 2017. The terminal commenced limited operations in the third quarter of 2018. In the nine months ended September 28, 2019, we received $1.9 million related to our business interruption claim, which is included in other income, net.

East Segment

	Three months ended		Variance		Nine months ended		Variance	
($ in thousands)	September 28, 2019	September 29, 2018			September 28, 2019	September 29, 2018		
Net revenue	$ 235,355	$ 201,699	$ 33,656	16.7%	$ 530,508	$ 458,829	$ 71,679	15.6%
Operating income	55,521	37,984	17,537	46.2%	71,927	44,035	27,892	63.3%
Operating margin percentage	23.6%	18.8%			13.6%	9.6%		
Adjusted EBITDA (1)	$ 76,825	$ 58,305	$ 18,520	31.8%	$ 134,479	$ 100,497	$ 33,982	33.8%

(1) Adjusted EBITDA is a non-GAAP measure that we find helpful in monitoring the performance of our business. See "Non-GAAP Performance Measures" below for a reconciliation of Adjusted EBITDA to net income, which is the most directly comparable GAAP measure.

Net revenue in the East segment increased $33.7 million and $71.7 million in the three and nine month periods ended September 28, 2019, respectively, as compared to the same period a year ago, primarily due to growth in our aggregates business, both in organic volumes and organic average sales prices. Operating income increased $17.5 million and $27.9 million in the three and nine months ended September 28, 2019, respectively, over the same period a year ago. The increase in operating income for the three and nine months ended September 28, 2019 was due to a mix of acquisition and organic growth in aggregate volumes and average selling prices, offset by increases in general and administrative expenses and depreciation, deletion, amortization and accretion primarily related to 2018 acquisitions. Adjusted EBITDA increased $18.5 million and $34.0 million in the three and nine months ended September 28, 2019, respectively, due to the items relating to operating income noted above.

Operating margin percentage for the three and nine months ended September 28, 2019 improved to 23.6% from 18.8% and to 13.6% from 9.6%, respectively, from the comparable period a year ago, as average sales prices increased more than our cost of revenues.

Gross revenue by product/ service was as follows:

	Three months ended		Variance		Nine months ended		Variance	
($ in thousands)	September 28, 2019	September 29, 2018			September 28, 2019	September 29, 2018		
Revenue by product*:								
Aggregates	$ 103,866	$ 80,851	$ 23,015	28.5 %	$ 261,370	$ 202,413	$ 58,957	29.1 %
Ready-mix concrete	44,792	41,434	3,358	8.1 %	104,353	105,051	(698)	(0.7)%
Asphalt	53,798	44,761	9,037	20.2 %	89,104	72,741	16,363	22.5 %
Paving and related services	100,924	94,443	6,481	6.9 %	177,777	172,346	5,431	3.2 %
Other	(36,793)	(28,712)	(8,081)	(28.1)%	(36,497)	(27,281)	(9,216)	(33.8)%
Total revenue	$ 266,587	$ 232,777	$ 33,810	14.5 %	$ 596,107	$ 525,270	$ 70,837	13.5 %

*Revenue by product includes intercompany and intracompany sales transferred at market value. The elimination of intracompany transactions is included in Other. Revenue from the liquid asphalt terminals is included in asphalt revenue.

The East segment's percent changes in sales volumes and pricing in the three and nine months ended September 28, 2019 from the three and nine months ended September 29, 2018 were as follows:

	Three months ended		Nine months ended	
	Percentage Change in		Percentage Change in	
	Volume	Pricing	Volume	Pricing
Aggregates	18.7%	8.3%	17.6 %	9.8%
Ready-mix concrete	8.1%	—%	(2.3)%	1.7%
Asphalt	9.3%	6.2%	7.0 %	9.6%

Gross revenue from aggregates in the East segment increased $23.0 million and 59.0 million in the three and nine months ended September 28, 2019, respectively, primarily due to growth in organic aggregates volumes and prices and to a lesser extent, acquisitions in 2018. Aggregate volumes in the first nine months of 2019 increased 17.6%, primarily due to organic growth in our Missouri market where significant levee repair work is occurring, as well as in Kansas and Kentucky. Aggregates organic pricing increased 8.3% and 9.2% in the three and nine month period of 2019, respectively.

Revenue from ready-mix concrete in the East segment increased $3.4 million and decreased $0.7 million in the three and nine months ended September 28, 2019, respectively, as compared to the same period in 2018. In the three months ended September 28, 2019, we increased our organic volumes by 8.1%; however, in the nine months ended September 28, 2019, organic ready-mix concrete volumes remained 2.3% below prior year levels due to unfavorable weather conditions in the first half of 2019. The declines in ready-mix concrete volumes occurred primarily in Missouri and Kansas.

Revenue from asphalt increased $9.0 million and $16.4 million in the three and nine months ended September 28, 2019, respectively, when compared to the comparable period of 2018. The increase was mainly attributable to increased organic pricing. Asphalt pricing increased 9.6% in the nine months ended September 28, 2019, as the sales mix favored higher priced markets as well as increases in liquid asphalt volumes and pricing from our terminals. The $6.5 million and $5.4 million increase in paving and related service revenue in the three and nine months ended September 28, 2019, respectively, was primarily due to increased construction activity.

Prior to eliminations of intercompany transactions, the net effect of volume and pricing changes on gross revenue in the nine months ended September 28, 2019 was approximately $43.0 million and $31.5 million, respectively.

Cement Segment

	Three months ended				Nine months ended			
($ in thousands)	September 28, 2019	September 29, 2018	Variance		September 28, 2019	September 29, 2018	Variance	
Net revenue	$ 98,991	$ 93,972	$ 5,019	5.3 %	$ 220,844	$ 213,364	$ 7,480	3.5 %
Operating income	31,504	33,513	(2,009)	(6.0)%	44,074	56,503	(12,429)	(22.0)%
Operating margin percentage	31.8%	35.7%			20.0%	26.5%		
Adjusted EBITDA (1)	$ 42,683	$ 44,299	$ (1,616)	(3.6)%	$ 75,537	$ 82,626	$ (7,089)	(8.6)%

(1) Adjusted EBITDA is a non-GAAP measure that we find helpful in monitoring the performance of our business. See "Non-GAAP Performance Measures" below for a reconciliation of Adjusted EBITDA to net income, which is the most directly comparable GAAP measure.

Net revenue in the Cement segment increased $5.0 million and $7.5 million primarily due to a 3.8% and 2.9% increase in organic cement volume in the three and nine months ended September 28, 2019, respectively.

The Cement segment's operating income decreased approximately $2.0 million and $12.4 million during the three and nine months ended September 28, 2019, respectively. Adjusted EBITDA decreased $1.6 million and $7.1 million in the three and nine months ended September 28, 2019, respectively. Although net revenues increased in both the three and nine month periods ended September 28, 2019 as compared to the same period in the prior year, operating income decreased due to higher distribution costs as we sought alternative distribution means with challenging barge traffic conditions on the Mississippi River, as well as incremental plant downtime.

Operating margin percentage for the three and nine months ended September 28, 2019 decreased to 31.8% from 35.7% and to 20.0% from 26.5%, respectively, from the comparable periods a year ago. The decrease in operating income and operating margin for the nine months ended September 28, 2019 was primarily due the same items noted above, as well as flood levels on the Mississippi River earlier in the year resulted in lower levels of production and consequently higher costs of revenue as less production costs were capitalized into inventory. Further, the lower production levels in the first half of 2019 as compared to 2018 also resulted in higher depreciation expense as less depreciation was capitalized into inventory.

Gross revenue by product was as follows:

($ in thousands)	Three months ended September 28, 2019	Three months ended September 29, 2018	Variance		Nine months ended September 28, 2019	Nine months ended September 29, 2018	Variance	
Revenue by product*:								
Cement	$ 95,486	$ 89,224	$ 6,262	7.0 %	$ 209,334	$ 200,704	$ 8,630	4.3 %
Other	3,505	4,748	(1,243)	(26.2)%	11,510	12,660	(1,150)	(9.1)%
Total revenue	$ 98,991	$ 93,972	$ 5,019	5.3 %	$ 220,844	$ 213,364	$ 7,480	3.5 %

*Revenue by product includes intercompany and intracompany sales transferred at market value. Revenue from waste processing and the elimination of intracompany transactions is included in Other.

The Cement segment's percent changes in sales volumes and pricing in the three and nine months ended September 28, 2019 from the three and nine months ended September 29, 2018 were as follows:

	Three months ended		Nine months ended	
	Percentage Change in		Percentage Change in	
	Volume	Pricing	Volume	Pricing
Cement	3.8%	3.1%	2.9%	1.4%

Revenue from cement increased $6.3 million and $8.6 million in the three and nine months ended September 28, 2019, respectively, as organic cement pricing in the three and nine months ended September 28, 2019 improved, while we also achieved a 3.8% and 2.9% increase in volumes, respectively.

Liquidity and Capital Resources

Our primary sources of liquidity include cash on-hand, cash provided by operations, amounts available for borrowing under our senior secured credit facilities and capital-raising activities in the debt and capital markets. As of September 28, 2019, we had $182.6 million in cash and cash equivalents and $446.3 million of working capital compared to $128.5 million and $330.9 million, respectively, at December 29, 2018. Working capital is calculated as current assets less current liabilities. There were no restricted cash balances as of September 28, 2019 or December 29, 2018. Our remaining borrowing capacity on our senior secured revolving credit facility was $329.8 million as of September 28, 2019, which is net of $15.2 million of outstanding letters of credit and is fully available to us within the terms and covenant requirements of our credit agreement governing the senior secured credit facilities (the "Credit Agreement").

Given the seasonality of our business, we typically experience significant fluctuations in working capital needs and balances throughout the year. Our working capital requirements generally increase during the first half of the year as we build up inventory and focus on repair and maintenance and other set-up costs for the upcoming season. Working capital levels then decrease as the construction season winds down and we enter the winter months, which is when we see significant inflows of cash from the collection of receivables.

Our acquisition strategy has historically required us to raise capital through equity issuances or debt financings. As of September 28, 2019 and December 29, 2018, our long-term borrowings totaled $1.9 billion and $1.8 billion, respectively, for which we incurred $25.3 million and $77.2 million of interest expense for the three and nine months ended September 28, 2019, and $25.4 million and $76.7 million for the three and nine months ended September 29, 2018. Our senior secured revolving credit facility has been adequate to fund our seasonal working capital needs and certain acquisitions. We had no outstanding borrowings on the revolving credit facility as of September 28, 2019.

We believe we have access to sufficient financial resources from our liquidity sources to fund our business and operations, including contractual obligations, capital expenditures and debt service obligations, for at least the next twelve months. Our growth strategy contemplates future acquisitions for which we believe we have sufficient access to capital.

We and our affiliates may from time to time purchase our outstanding debt through open market purchases, privately negotiated transactions or otherwise. Purchases or retirement of debt, if any, will depend on prevailing market conditions, liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

Indebtedness

Please refer to the notes to the consolidated interim financial statements for detailed information about our long-term debt, scheduled maturities of long-term debt and affirmative and negative covenants, including the maximum allowable consolidated first lien net leverage ratio. As of September 28, 2019, we were in compliance with all debt covenants.

At September 28, 2019 and December 29, 2018, $1.9 billion and $1.8 billion of total debt, respectively, was outstanding under our respective debt agreements. Summit LLC has senior secured credit facilities that provide for term loans in an aggregate amount of $650.0 million and revolving credit commitments in an aggregate amount of $345.0 million (the "Senior Secured Credit Facilities"). Summit LLC's domestic wholly-owned subsidiary companies are named as guarantors of the Senior Notes and the Senior Secured Credit Facilities. Certain other partially-owned subsidiaries, and the wholly-owned Canadian subsidiary, Mainland Sand & Gravel ULC, do not guarantee the Senior Notes or Senior Secured Credit Facilities. Summit LLC has pledged substantially all of its assets as collateral for the Senior Secured Credit Facilities.

On February 28, 2019, Summit LLC entered into Incremental Amendment No. 4 to the Credit Agreement which, among other things, increased the total amount available under the revolving credit facility to $345.0 million and extended the maturity date of the Credit Agreement to February 2024.

On March 15, 2019, Summit LLC and Summit Finance (together, the "Issuers") issued the 2027 Notes, at 100.0% of their par value with proceeds of $296.3 million, net of related fees and expenses. Interest on the 2027 Notes is payable semi-annually on March 15 and September 15 of each year commencing on September 15, 2019. In March 2019, using the proceeds from the 2027 Notes, all of the 2022 Notes were redeemed at a price equal to par plus an applicable premium and the indenture under which the 2022 Notes were issued was satisfied and discharged. As a result of the extinguishment, charges of $14.6 million were recognized in the quarter ended March 30, 2019, which included charges of $11.7 million for the applicable redemption premium and $2.9 million for the write-off of deferred financing fees.

Cash Flows

The following table summarizes our net cash used in or provided by operating, investing and financing activities and our capital expenditures in the nine months ended September 28, 2019 and September 29, 2018:

	Summit Inc.	
(in thousands)	September 28, 2019	September 29, 2018
Net cash provided by:		
Operating activities	$ 163,843	$ 70,557
Investing activities	(129,776)	(351,996)
Financing activities	19,840	(36,765)

Operating activities

During the nine months ended September 28, 2019, cash provided by operating activities was $163.8 million primarily as a result of:

- Net income of $24.7 million, increased by non-cash expenses, including $167.0 million of depreciation, depletion, amortization and accretion expense and $15.4 million of share-based compensation.
- Billed and unbilled accounts receivable increased by $152.3 million in the first nine months of 2019 as a result of the seasonality of our business. The majority of our sales occur in the spring, summer and fall and we typically incur an increase in accounts receivable (net billed and unbilled) during the second and third quarters of each year. This amount is typically converted to cash in the fourth and first quarters.
- The timing of payments associated with accounts payable and accrued expenses of cash, which is consistent with the seasonality of our business whereby we build-up inventory levels and incur repairs and maintenance costs to ready the business for increased sales volumes in the summer and fall. These costs are typically incurred in the

first half of the year and paid by year-end. In addition, we made $89.8 million of interest payments in the nine months ended September 28, 2019.

During the nine months ended September 29, 2018, cash used in operating activities was $70.6 million primarily as a result of:

- Net loss of $55.0 million, increased by non-cash expenses, including $152.8 million of depreciation, depletion, amortization and accretion and $19.8 million of share-based compensation.
- Additional investment in inventory of $26.0 million consistent with the seasonality of our business for which our inventory levels typically increase in the first half of the year and begin to decrease during the third quarter.
- Billed and unbilled accounts receivable increased by $128.1 million in the first nine months of 2018 as a result of the seasonality of our business. The majority of our sales occur in the spring, summer and fall and we typically incur an increase in accounts receivable (net billed and unbilled) during the second and third quarters of each year. This amount is typically converted to cash in the fourth and first quarters.
- The timing of payments associated with accounts payable and accrued expenses of cash, which is consistent with the seasonality of our business whereby we build-up inventory levels and incur repairs and maintenance costs to ready the business for increased sales volumes in the summer and fall. These costs are typically incurred in the first half of the year and paid by year-end. In addition, we made $79.4 million of interest payments in the nine months ended September 29, 2018.

Investing activities

During the nine months ended September 28, 2019, cash used for investing activities was $129.8 million, of which $2.8 million related to the one acquisition completed in the period and $139.8 million was invested in capital expenditures, which was partially offset by $13.0 million of proceeds from asset sales.

During the nine months ended September 29, 2018, cash used for investing activities was $352.0 million, of which $210.9 million related to the 10 acquisitions completed in the period and $183.8 million was invested in capital expenditures, which was partially offset by $18.4 million of proceeds from asset sales. Additionally, in September 2018 we received $21.6 million of proceeds from the sale of a non-core business in the West segment.

Financing activities

During the nine months ended September 28, 2019, cash provided by financing activities was $19.8 million. We received $2.6 million of proceeds from stock option exercises and $300.0 million from proceeds from debt issuance, which was offset by $11.0 million of payments on acquisition-related liabilities and $264.9 million of payments on debt.

During the nine months ended September 29, 2018, cash used in financing activities was $36.8 million. We received $15.6 million of proceeds from stock option exercises and $64.5 million from proceeds from debt issuance, which was partially offset by $35.3 million of payments on acquisition related liabilities and $79.0 million of payments on debt.

Cash paid for capital expenditures

We paid cash of approximately $139.8 million in capital expenditures in the nine months ended September 28, 2019 compared to $183.8 million in the nine months ended September 29, 2018.

We estimate that we will invest between $160.0 million and $170.0 million in capital expenditures in 2019, which we expect to fund through cash on hand, cash from operations, outside financing arrangements and available borrowings under our revolving credit facility. In the fourth quarter of 2019, we expect to spend approximately $10 million completing various aggregate improvement projects, in addition to other smaller dollar capital expenditures. We also expect to spend approximately $20 million to continue our greenfield expansion program in the fourth quarter. A significant amount of our fourth quarter greenfield capital expenditures is dependent upon the timing of when permits may be issued.

Tax Receivable Agreement

When the Company purchases LP Units for cash or LP Units are exchanged for shares of Class A common stock, this results in increases in the Company's share of the tax basis of the tangible and intangible assets of Summit Holdings. These increases in tax basis may increase, for tax purposes, depreciation and amortization deductions and therefore reduce the amount of tax that Summit Inc. would otherwise be required to pay in the future. In connection with our IPO, we entered into a TRA with the holders of the LP Units that provides for the payment by Summit Inc. to exchanging holders of LP Units of 85% of the benefits, if any, that Summit Inc. actually realizes (or, under certain circumstances such as an early termination of the TRA is deemed to realize) as a result of these increases in tax basis and certain other tax benefits related to entering into the TRA, including tax benefits attributable to payments under the TRA. The increases in tax basis as a result of an exchange of LP Units for shares of Class A common stock, as well as the amount and timing of any payments under the TRA, are difficult to accurately estimate, as they will vary depending upon a number of factors, including the timing of the exchanges, the price of our Class A common stock at the time of the exchange, the extent to which the exchanges are taxable, the amount and timing of our income and the effective tax rate.

We anticipate funding payments under the TRA from cash flows from operations, available cash and available borrowings under our Senior Secured Revolving Credit Facilities. As of September 28, 2019, we had accrued $310.1 million as TRA liability in our consolidated financial statements. We do not expect significant payments on our TRA liability to occur within the next twelve months.

Based upon a $22.12 per share price of our Class A common stock, the closing price of our stock on the last trading day of the three months ended September 28, 2019, and a contractually defined discount rate of 3.04%, we estimate that if Summit Inc. were to exercise its right to terminate the TRA, the aggregate amount required to settle the TRA would be approximately $280.9 million. Estimating the amount and the timing of payments that may be made under the TRA is by its nature difficult and imprecise, insofar as the amounts payable depends on a variety of factors, including, but not limited to, the timing of future exchanges, our stock price at the date of the exchange and the timing of the generation of future taxable income. The increases in tax basis as a result of an exchange, as well as the amount and timing of any payments under the TRA, will vary depending on a variety of factors.

Commitments and contingencies

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

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

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

Off-Balance sheet arrangements

As of September 28, 2019, we had no material off-balance sheet arrangements.

New Accounting Pronouncements Not Yet Adopted

In August 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2018-15, *Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract,* which reduces the accounting complexity of implementing a cloud computing service arrangement. The ASU aligns the capitalization of implementation costs among hosting arrangements and costs incurred to develop internal-use software. The ASU is effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. Early adoption is permitted. We are compiling a list of our contracts and are beginning to assess the impact of adopting this ASU.

In August 2018, the FASB issued ASU No. 2018-14, *Compensation-Retirement Benefits-Defined Benefit Plans-General (Subtopic 715-20): Disclosure Framework-Changes to the Disclosure Requirements for Defined Benefit Plans,* which modifies the disclosure requirements for employer sponsored defined benefit and other postretirement benefits plans. The ASU is effective for fiscal years beginning after December 15, 2020 and interim periods within those fiscal years. Early adoption is permitted. We are evaluating the additional disclosure requirements and are beginning to assess the impact of adopting this ASU.

Non-GAAP Performance Measures

We evaluate our operating performance using metrics that we refer to as “Adjusted EBITDA,” “Adjusted Cash Gross Profit” and “Adjusted Cash Gross Profit Margin” which are not defined by U.S. GAAP and should not be considered as an alternative to earnings measures defined by U.S. GAAP. We define Adjusted EBITDA as EBITDA, adjusted to exclude accretion, loss on debt financings, gain on sale of business, transaction costs and certain non-cash and non-operating items. We define Adjusted Cash Gross Profit as operating income before general and administrative expenses, depreciation, depletion, amortization and accretion and transaction costs and Adjusted Cash Gross Profit Margin as Adjusted Cash Gross Profit as a percentage of net revenue.

We present Adjusted EBITDA, Adjusted Cash Gross Profit and Adjusted Cash Gross Profit Margin for the convenience of investment professionals who use such metrics in their analyses. The investment community often uses these metrics to assess the operating performance of a company’s business and to provide a consistent comparison of performance from period to period. We use these metrics, among others, to assess the operating performance of our individual segments and the consolidated company.

Non-GAAP financial measures are not standardized; therefore, it may not be possible to compare such financial measures with other companies’ non-GAAP financial measures having the same or similar names. We strongly encourage investors to review our consolidated financial statements in their entirety and not rely on any single financial measure.

The tables below reconcile our net income (loss) to EBITDA and Adjusted EBITDA, present Adjusted EBITDA by segment and reconcile operating income to Adjusted Cash Gross Profit for the periods indicated:

Reconciliation of Net Income (Loss) to Adjusted EBITDA	**Three months ended September 28, 2019**				
by Segment	**West**	**East**	**Cement**	**Corporate**	**Consolidated**
($ in thousands)					
Net income (loss) (1)	$ 56,829	$ 56,640	$ 34,303	$ (89,535)	$ 58,237
Interest expense (income) (1)	411	182	(2,731)	31,055	28,917
Income tax expense (1)	1,144	26	—	44,432	45,602
Depreciation, depletion and amortization	23,171	19,406	10,957	1,041	54,575
EBITDA	$ 81,555	$ 76,254	$ 42,529	$ (13,007)	$ 187,331
Accretion	136	262	154	—	552
Transaction costs	1	—	—	750	751
Non-cash compensation	—	—	—	4,819	4,819
Other	244	309	—	(689)	(136)
Adjusted EBITDA (1)	$ 81,936	$ 76,825	$ 42,683	$ (8,127)	$ 193,317

Reconciliation of Net Income (Loss) to Adjusted EBITDA by Segment	Nine months ended September 28, 2019				
	West	East	Cement	Corporate	Consolidated
($ in thousands)					
Net income (loss) (1)	$ 78,016	$ 73,448	$ 51,652	$ (178,390)	$ 24,726
Interest expense (income) (1)	1,905	2,237	(7,395)	91,676	88,423
Income tax expense (1)	1,478	144	—	32,650	34,272
Depreciation, depletion and amortization	69,751	58,851	30,830	2,985	162,417
EBITDA	$ 151,150	$ 134,680	$ 75,087	$ (51,079)	$ 309,838
Accretion	405	868	450	—	1,723
Loss on debt financings	—	—	—	14,565	14,565
Transaction costs	12	—	—	1,437	1,449
Non-cash compensation	—	—	—	15,424	15,424
Other (2)	(513)	(1,069)	—	(1,046)	(2,628)
Adjusted EBITDA (1)	$ 151,054	$ 134,479	$ 75,537	$ (20,699)	$ 340,371

Reconciliation of Net Income (Loss) to Adjusted EBITDA by Segment	Three months ended September 29, 2018				
	West	East	Cement	Corporate	Consolidated
($ in thousands)					
Net income (loss) (1)	$ 61,021	$ 37,351	$ 35,326	$ (59,706)	$ 73,992
Interest expense (income) (1)	1,380	844	(1,709)	28,374	28,889
Income tax expense	567	275	—	19,923	20,765
Depreciation, depletion and amortization	23,144	19,154	10,622	574	53,494
EBITDA	$ 86,112	$ 57,624	$ 44,239	$ (10,835)	$ 177,140
Accretion	145	275	60	—	480
Gain on sale of business	(12,108)	—	—	—	(12,108)
Transaction costs	2	—	—	1,258	1,260
Non-cash compensation	—	—	—	5,643	5,643
Other	(235)	406	—	(580)	(409)
Adjusted EBITDA (1)	$ 73,916	$ 58,305	$ 44,299	$ (4,514)	$ 172,006

Reconciliation of Net Income (Loss) to Adjusted EBITDA by Segment	Nine months ended September 29, 2018				
	West	East	Cement	Corporate	Consolidated
($ in thousands)					
Net income (loss) (1)	$ 97,625	$ 42,128	$ 61,687	$ (146,483)	$ 54,957
Interest expense (benefit) (1)	4,114	2,397	(4,794)	84,899	86,616
Income tax expense	616	5	—	15,628	16,249
Depreciation, depletion and amortization	67,597	54,272	25,651	1,919	149,439
EBITDA	$ 169,952	$ 98,802	$ 82,544	$ (44,037)	$ 307,261
Accretion	432	710	82	—	1,224
Loss on debt financings	—	—	—	149	149
Gain on sale of business	(12,108)	—	—	—	(12,108)
Transaction costs	(4)	—	—	3,821	3,817
Non-cash compensation	—	—	—	19,833	19,833
Other (2)	(6,956)	985	—	(1,345)	(7,316)
Adjusted EBITDA (1)	$ 151,316	$ 100,497	$ 82,626	$ (21,579)	$ 312,860

(1) The reconciliation of net income (loss) to Adjusted EBITDA is based on the financial results of Summit Inc. and its subsidiaries, which was $0.1 and $0.4 million less than Summit LLC and its subsidiaries in the three and nine months ended September 28, 2019, respectively, and $0.2 million and $0.6 million less in the three and nine months ended September 29, 2018, respectively, due to interest expense associated with a deferred consideration obligation, which is an obligation of Summit Holdings and is thus excluded from Summit LLC's consolidated interest expense.

(2) In the nine months ended September 28, 2019, we negotiated a $2.0 million reduction in the amount of a contingent liability from one of our acquisitions. In the nine months ended September 29, 2018, we negotiated a $6.9

million reduction in the amount of a contingent liability from one of our acquisitions. As we had passed the period to revise the opening balance sheet for this acquisition, the adjustment was recorded in the respective period as other income.

Reconciliation of Working Capital	**September 28, 2019**	**December 29, 2018**
($ in thousands)		
Total current assets	$ 778,416	$ 591,540
Less total current liabilities	(332,072)	(260,657)
Working capital	$ 446,344	$ 330,883

	Three months ended		**Nine months ended**	
Reconciliation of Operating Income to Adjusted Cash Gross Profit	**September 28, 2019**	**September 29, 2018**	**September 28, 2019**	**September 29, 2018**
($ in thousands)				
Operating income	$ 130,881	$ 108,167	$ 153,632	$ 133,921
General and administrative expenses	62,344	59,457	190,915	190,975
Depreciation, depletion, amortization and accretion	55,127	53,974	164,140	150,663
Transaction costs	751	1,260	1,449	3,817
Adjusted Cash Gross Profit (exclusive of items shown separately)	$ 249,103	$ 222,858	$ 510,136	$ 479,376
Adjusted Cash Gross Profit Margin (exclusive of items shown separately) (1)	37.4%	35.7%	33.5%	32.7%

(1) Adjusted Cash Gross Profit Margin, which we define as Adjusted Cash Gross Profit as a percentage of net revenue.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to certain market risks arising from transactions that are entered into in the normal course of business. Our operations are highly dependent upon the interest rate-sensitive construction industry as well as the general economic environment. Consequently, these marketplaces could experience lower levels of economic activity in an environment of rising interest rates or escalating costs. For a discussion of quantitative and qualitative disclosures about market risk, please refer to the Annual Report from which our exposure to market risk has not materially changed.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Summit Inc.

Summit Inc. maintains disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), that are designed to ensure that information required to be disclosed in Summit Inc.'s reports under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to Summit Inc.'s management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Any controls and procedures, no matter how well designed and operated, can provide only reasonable, not absolute, assurance of achieving the desired control objectives. Summit Inc.'s management, with the participation of its Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of Summit Inc.'s disclosure controls and procedures as of September 28, 2019. Based upon that evaluation, Summit Inc.'s Chief Executive Officer and Chief Financial Officer concluded that, as of September 28, 2019, Summit Inc.'s disclosure controls and procedures were effective to accomplish their objectives at the reasonable assurance level.

Summit LLC

Summit LLC maintains disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) that are designed to ensure that information required to be disclosed in Summit LLC's reports under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to Summit LLC's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Any controls and procedures, no matter how well designed and operated, can provide only reasonable, not absolute, assurance of achieving the desired control objectives. Summit LLC's management, with the participation of its Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of Summit LLC's disclosure controls and procedures as of September 28, 2019. Based upon that evaluation, Summit LLC's Chief Executive Officer and Chief Financial Officer concluded that, as of September 28, 2019, Summit LLC's disclosure controls and procedures were effective to accomplish their objectives at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

Summit Inc.

There was no change in Summit Inc.'s internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during its last fiscal quarter that has materially affected, or is reasonably likely to materially affect, Summit Inc.'s internal control over financial reporting.

Summit LLC

There was no change in Summit LLC's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during its last fiscal quarter that has materially affected, or is reasonably likely to materially affect, Summit LLC's internal control over financial reporting.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

In March 2018, we were notified of an investigation by the Canadian Competition Bureau (the "CCB") into pricing practices by certain asphalt paving contractors in British Columbia, including Winvan Paving, Ltd. ("Winvan"). We believe the investigation is focused on time periods prior to our April 2017 acquisition of Winvan and we are cooperating with the CCB. Although we currently do not believe this matter will have a material adverse effect on our business, financial condition or results of operations, we are not able to predict the ultimate outcome or cost of the investigation at this time.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this report, you should carefully consider the factors discussed in the section entitled "Risk Factors" in the Annual Report which could materially affect the Company's business, financial condition, operating results or liquidity or future results. The risks described in the Annual Report are not the only risks facing the Company. Additional risks and uncertainties not currently known to the Company or that it currently deems to be immaterial also may materially adversely affect its results of operations, financial condition or liquidity. There have been no material changes to the risk factors disclosed in the Annual Report.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

The information concerning mine safety violations and other regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K (17 CFR 229.104) is included in Exhibit 95.1 to this report.

ITEM 5. OTHER INFORMATION

None.

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ITEM 6. EXHIBITS

3.1	Amended and Restated Certificate of Incorporation of Summit Materials, Inc. (incorporated by reference to Exhibit 3.1 to Summit Materials, Inc.'s Current Report on Form 8-K filed on March 17, 2015 (File No. 001-36873)).
3.2	Amended and Restated Bylaws of Summit Materials, Inc. (incorporated by reference to Exhibit 3.2 to Summit Materials, Inc.'s Current Report on Form 8-K filed on March 17, 2015 (File No. 001-36873).
3.3	Certificate of Formation of Summit Materials, LLC, as amended (incorporated by reference to Exhibit 3.1 to Summit Materials, LLC's Registration Statement on Form S-4, filed March 27, 2013 (File No. 333-187556)).
3.4*	Second Amended and Restated Limited Liability Company Agreement of Summit Materials, LLC
31.1*	Summit Materials, Inc.'s Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Summit Materials, Inc.'s Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.3*	Summit Materials, LLC's Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.4*	Summit Materials, LLC's Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Summit Materials, Inc.'s Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Summit Materials, Inc.'s Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.3**	Summit Materials, LLC's Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.4**	Summit Materials, LLC's Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
95.1*	Mine Safety Disclosures
99.1*	Summit Materials, LLC's Unaudited Consolidated Financial Statements and Notes to Unaudited Consolidated Financial Statements.
101.INS*	Inline XBRL Instance Document - the instance document does not appear in the interactive data file because XBRL tags are embedded within the inline XBRL document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104.1*	Cover Page from the Company's Quarterly Report on Form 10-Q for the quarter ended September 28, 2019, formatted in Inline XBRL (and contained in Exhibit 101).

* Filed herewith

** Furnished herewith

The agreements and other documents filed as exhibits to this report are not intended to provide factual information or other disclosure other than with respect to the terms of the agreements or other documents themselves, and you should not rely on them other than for that purpose. In particular, any representations and warranties made by us in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs as of the date they were made or at any other time.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrants have duly caused this report to be signed on their behalf by the undersigned, thereunto duly authorized.

SUMMIT MATERIALS, INC.
SUMMIT MATERIALS, LLC

Date: October 30, 2019	By:	/s/ Thomas W. Hill
		Thomas W. Hill Chief Executive Officer (Principal Executive Officer)
Date: October 30, 2019	By:	/s/ Brian J. Harris
		Brian J. Harris Chief Financial Officer (Principal Financial and Accounting Officer)

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Section 2: EX-3.4 (EXHIBIT 3.4)

Execution Version

SECOND AMENDED AND RESTATED

LIMITED LIABILITY COMPANY AGREEMENT

OF

SUMMIT MATERIALS, LLC

This Second Amended and Restated Limited Liability Company Agreement (this "Agreement") of Summit Materials, LLC (the "Company") is entered into by Summit Materials Intermediate Holdings, LLC, as the sole member (the "Member").

WHEREAS, the Company was formed on September 24, 2008 as Summit Materials Management Company, LLC, upon the filing of a Certificate of Formation with the Secretary of State of the State of Delaware, pursuant to the provisions of the Delaware Limited Liability Company Act (6 Del. C. § 18-101, *et seq.)* (the "Act");

WHEREAS, the name of the Company was changed to Summit Materials, LLC on January 28, 2009, upon the filing of a Certificate of Amendment with the Secretary of State of the State of Delaware, pursuant to Section 18-202 of the Act;

WHEREAS, Thomas W. Hill, Ted A. Gardner and Charles W. Goodyear IV have entered into that Limited Liability Company Agreement of the Company, dated as of February 20, 2009, with the Company (the "Original LLC Agreement");

WHEREAS, the interests in the Company were contributed to Summit Material Holdings, L.P. ("Summit Holdings") pursuant to that certain contribution agreement by and between Thomas W. Hill, Ted A. Gardner, Charles W. Goodyear IV, and Summit Holdings, dated as of August 25, 2009 (the "Amended and Restated LLC Agreement");

WHEREAS, on or about December 19, 2011, all of the limited liability interests in the company were contributed by Summit Holdings to Summit Materials Holdings, LLC, which were then contributed by Summit Materials Holdings, LLC to the Member; and

WHEREAS, the Member, by execution of this Agreement, wishes to amend and restate the Amended and Restated LLC Agreement in its entirety pursuant to and in accordance with the Act, and hereby agrees as follows:

1. Name. The name of the limited liability company is Summit Materials, LLC.

2. Filing of Certificates. The Member, as an authorized person within the meaning of the Act, shall execute, deliver and file all certificates (and any amendments and/or restatements thereof) required or permitted to be filed with the Secretary of State of the State of Delaware. The Member is authorized to execute, deliver and file any other certificates, notices or documents (and any amendments and/or restatements thereof) necessary for the Company to qualify to do business in any jurisdiction in which the Company may wish to conduct business.

3. Purposes. The Company is formed for the object and purpose of, and the nature of the business to be conducted and promoted by the Company is, engaging in any lawful act or activity for which limited liability companies may be formed under the Act.

4. Powers. In furtherance of its purposes, but subject to all of the provisions of this Agreement, the Company shall have and may exercise all the powers now or hereafter conferred by Delaware law on limited liability companies formed under the Act and all powers necessary, convenient or incidental to accomplish its purposes as set forth in Section 3.

5. Principal Business Office. The principal business office of the Company shall be at such location as may hereafter be determined by the Member.

6. Registered Office. The address of the registered office of the Company in the State of Delaware is Corporation Service Company, 251 Little Falls Drive, Wilmington, New Castle County, Delaware 19808.

7. Registered Agent. The name and address of the registered agent of the Company for service of process on the Company in the State of Delaware is Corporation Service Company, 251 Little Falls Drive, Wilmington, New Castle County, Delaware 19808.

8. Member. The name and the mailing address of the Member is as follows:

Name	Address
Summit Materials Intermediate Holdings, LLC	c/o Summit Materials, LLC 1550 Wynkoop Street, 3rd Floor Denver, Colorado 80202

9. Limited Liability. Except as otherwise provided by the Act, the debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company, and the Member shall not be obligated personally for any such debt, obligation or liability of the Company solely by reason of being a member of the Company.

10. Capital Contributions. The Member is deemed admitted as a member of the Company upon its execution and delivery of this Agreement.

11. Additional Contributions. The Member is not required to make any capital contribution to the Company. However, the Member may voluntarily make capital contributions to the Company at any time. To the extent that the Member makes capital contributions to the Company, the Member shall cause such capital contributions to be reflected in the books and records of the Company.

12. Allocation of Profits and Losses. For so long as the Member is the sole member of the Company, the Company's profits and losses shall be allocated solely to the Member.

13. Distributions. Distributions shall be made to the Member at the times and in the aggregate amounts determined by the Member. Notwithstanding any provision to the contrary contained in this Agreement, the Company shall not make a distribution to the Member on account of its interest in the Company if such distribution would violate the Act or other applicable law.

14. Management. In accordance with Section 18-402 of the Act, management of the Company shall be vested in the Member. The Member shall have the power to do any and all acts necessary, convenient or incidental to or for the furtherance of the purposes of the Company described herein, including all powers, statutory or otherwise, possessed by members of a limited liability company under the laws of the State of Delaware. Notwithstanding any other provision of this Agreement, the Member is authorized to execute and deliver any document on behalf of the Company without any vote or consent of any other person. The Member has the authority to bind the Company.

15. Officers. The Member may, from time to time as it deems advisable, select natural persons who are employees or agents of the Company and designate them as officers of the Company (the "Officers") and assign titles (including, without limitation, President, Vice President, Secretary, and Treasurer) to any such person. Unless the Member decides otherwise, if the title is one commonly used for officers of a business corporation formed under the Delaware General Corporation Law, the assignment of such title shall constitute the delegation to such person of the authorities and duties that are normally associated with that office. Any delegation pursuant to this Section 15 may be revoked at any time by the Member. An Officer may be removed with or without cause by the Member.

16. Other Business Opportunities. The Member and any person or entity affiliated with the Member may engage in or possess an interest in other business opportunities or ventures (unconnected with the Company) of every kind and description, independently or with others, including, without limitation, businesses that may compete with the Company. Neither the Member or any person or entity affiliated with the Member shall be required to present any such business opportunity or venture to the Company, even if the opportunity is of the character that, if presented to the Company, could be taken by it. Neither the Company nor any person or entity affiliated with the Company shall have any rights in or to such business opportunities or ventures or the income or profits derived therefrom by virtue of this Agreement, notwithstanding any duty otherwise existing at law or in equity. The provisions of this Section shall apply to the Member solely in its capacity as member of the Company and shall not be deemed to modify any contract or arrangement, including, without limitation, any noncompete provisions, otherwise agreed to by the Company and the Member.

17. Exculpation and Indemnification.

(a) Neither the Member nor any duly appointed officer of the Company shall be liable to the Company or any other person or entity who is a party to or is otherwise bound by this Agreement for any loss, damage or claim incurred by reason of any act or omission performed or omitted by the Member or such officer in good faith on behalf of the Company and in a manner reasonably believed to be within the scope of the authority conferred on the Member or such officer by this Agreement (or by action of the Member acting in accordance herewith and the Act), except that any such officer shall be liable for any such loss, damage or claim incurred by reason of such Person's gross negligence or willful misconduct.

(b) To the fullest extent permitted by applicable law, the Member and any duly appointed officer of the Company shall be entitled to indemnification from the Company for any loss, damage or claim incurred by the Member or such officer by reason of any act or omission performed or omitted by the Member or such officer in good faith on behalf of the Company and in a manner reasonably believed to be within the scope of the authority conferred on the Member or such officer by this Agreement (or by action of the Member acting in accordance herewith and the Act), except that any such officer shall not be entitled to be indemnified in respect of any loss, damage or claim incurred by reason of such Person's gross negligence or willful misconduct with respect to such acts or omissions; provided, however, that any indemnity under this Section shall be provided out of and to the extent of Company assets only, and no member of the Company shall have personal liability on account thereof

18. Assignments. The Member may at any time assign in whole or in part its limited liability company interest in the Company. If the Member transfers any of its interest in the Company pursuant to this Section, the transferee shall be admitted to the Company upon its execution of an instrument signifying its agreement to be bound by the terms and conditions of this Agreement. If a Member transfers all of its interest in the Company, such admission shall be deemed effective immediately prior to the transfer, and, immediately following such admission, the transferor Member shall cease to be a member of the Company.

19. Resignation. The Member may at any time resign from the Company. If the Member resigns pursuant to this Section, an additional member shall be admitted to the Company upon its execution of an instrument signifying its agreement to be bound by the terms and conditions of this Agreement. Such admission shall be deemed effective immediately prior to the resignation, and, immediately following such admission, the resigning Member shall cease to be a member of the Company.

20. Admission of Additional Members. One or more additional members of the Company may be admitted to the Company with the written consent of the Member and upon such terms (including with respect to participation in the management, profits, losses and distributions of the Company) as may be determined by the Member and the additional persons or entities to be admitted.

21. Dissolution.

(a) The Company shall dissolve and its affairs shall be wound up upon the first to occur of: (i) the written consent of the Member, (ii) any time there are no members of the Company, unless the Company is continued in accordance with the Act, or (iii) the entry of a decree of judicial dissolution under Section 18-802 of the Act.

(b) In the event of dissolution, the Company shall conduct only such activities as are necessary to wind up its affairs (including the sale of the assets of the Company in an orderly manner), and the assets or proceeds from the sale of the assets of the Company shall be applied in the manner, and in the order of priority, set forth in Section 18-804 of the Act.

22. Benefits of Agreement; No Third-Party Rights. The provisions of this Agreement are intended solely to benefit the Member and, to the fullest extent permitted by applicable law, shall not be construed as conferring any benefit upon any creditor of the Company (and no such creditor shall be a third-party beneficiary of this Agreement), and the Member shall have no duty or obligation to any creditor of the Company to make any contributions or payments to the Company.

23. Severability of Provisions. Each provision of this Agreement shall be considered severable and if for any reason any provision or provisions herein are determined to be invalid, unenforceable or illegal under any existing or future law, such invalidity, unenforceability or illegality shall not impair the operation of or affect those portions of this Agreement which are valid, enforceable and legal.

24. Entire Agreement. This Agreement constitutes the entire agreement of the Member with respect to the subject matter hereof.

25. Governing Law. This Agreement shall be governed by, and construed under, the laws of the State of Delaware (without regard to conflict of laws principles), all rights and remedies being governed by said laws.

26. Amendments. This Agreement may not be modified, altered, supplemented or amended except pursuant to a written agreement executed and delivered by the Member.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the undersigned, intending to be legally bound hereby, has duly executed this Agreement as of the 21st day of October, 2019.

SUMMIT MATERIALS INTERMEDIATE HOLDINGS, LLC

By: Summit Materials Holdings, LLC, its sole member

By: Summit Materials Holdings, L.P., its sole member

By: Summit Materials, Inc., its general partner

By: /s/ Anne Lee Benedict________________

Name: Anne Lee Benedict

Title: Executive Vice President, Chief Legal Officer and Secretary

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Section 3: EX-31.1 (EXHIBIT 31.1)

Exhibit 31.1

CERTIFICATION

I, Thomas W. Hill, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Summit Materials, Inc. (the “registrant”);
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(s) 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(s) 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: October 30, 2019

/s/ Thomas W. Hill

Thomas W. Hill
Chief Executive Officer
(Principal Executive Officer)

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Section 4: EX-31.2 (EXHIBIT 31.2)

Exhibit 31.2

CERTIFICATION

I, Brian J. Harris, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Summit Materials, Inc. (the “registrant”);
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(s) 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(s) 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: October 30, 2019

/s/ Brian J. Harris

Brian J. Harris
Chief Financial Officer
(Principal Financial Officer)

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Section 5: EX-31.3 (EXHIBIT 31.3)

Exhibit 31.3

CERTIFICATION

I, Thomas W. Hill, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Summit Materials, LLC (the "registrant");

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(s) 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(s) 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: October 30, 2019

/s/ Thomas W. Hill

Thomas W. Hill
Chief Executive Officer
(Principal Executive Officer)

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Section 6: EX-31.4 (EXHIBIT 31.4)

Exhibit 31.4

CERTIFICATION

I, Brian J. Harris, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Summit Materials, LLC (the “registrant”);

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(s) 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(s) 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: October 30, 2019

/s/ Brian J. Harris

Brian J. Harris
Chief Financial Officer
(Principal Financial Officer)

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Section 7: EX-32.1 (EXHIBIT 32.1)

Exhibit 32.1

Certification

Pursuant to 18 U.S.C. Section 1350

As adopted pursuant to

Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Summit Materials, Inc. (the “Company”) on Form 10-Q for the quarterly period ended September 28, 2019 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Thomas W. Hill, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(i) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 30, 2019

/s/ Thomas W. Hill

Thomas W. Hill
Chief Executive Officer
(Principal Executive Officer)

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Section 8: EX-32.2 (EXHIBIT 32.2)

Exhibit 32.2

Certification

Pursuant to 18 U.S.C. Section 1350

As adopted pursuant to

Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Summit Materials, Inc. (the "Company") on Form 10-Q for the quarterly period ended September 28, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Brian J. Harris, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(i) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 30, 2019

/s/ Brian J. Harris

Brian J. Harris
Chief Financial Officer
(Principal Financial Officer)

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Section 9: EX-32.3 (EXHIBIT 32.3)

Exhibit 32.3

Certification

Pursuant to 18 U.S.C. Section 1350

As adopted pursuant to

Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Summit Materials, LLC (the "Company") on Form 10-Q for the quarterly period ended September 28, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas W. Hill, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(i) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 30, 2019

/s/ Thomas W. Hill

Thomas W. Hill
Chief Executive Officer
(Principal Executive Officer)

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Section 10: EX-32.4 (EXHIBIT 32.4)

Exhibit 32.4

Certification

Pursuant to 18 U.S.C. Section 1350

As adopted pursuant to

Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Summit Materials, LLC (the "Company") on Form 10-Q for the quarterly period ended September 28, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Brian J. Harris, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(i) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(ii) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 30, 2019

/s/ Brian J. Harris

Brian J. Harris
Chief Financial Officer
(Principal Financial Officer)

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Section 11: EX-95.1 (EXHIBIT 95.1)

Exhibit 95.1

Mine Safety Disclosures

The operation of Summit Materials, Inc.'s and its subsidiaries' (collectively, the "Company's") domestic aggregates quarries and mines are subject to regulation by the federal Mine Safety and Health Administration ("MSHA") under the Federal Mine Safety and Health Act of 1977 (the "Mine Act"). MSHA inspects the Company's quarries and mines on a regular basis and issues various citations and orders when it believes a violation has occurred under the Mine Act. Whenever MSHA issues a citation or order, it also generally proposes a civil penalty, or fine, related to the alleged violation. Citations or orders may be contested and appealed, and as part of that process, are often reduced in severity and amount, and are sometimes dismissed.

Under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act"), the Company is required to present information regarding certain mining safety and health citations which MSHA has issued with respect to its aggregates mining operations in its periodic reports filed with the Securities and Exchange Commission ("SEC"). In evaluating this information, consideration should be given to factors such as: (i) the number of citations and orders will vary depending on the size of the quarry or mine and types of operations (underground or surface); (ii) the number of citations issued will vary from inspector to inspector and location to location; and (iii) citations and orders can be contested and appealed, and in that process, may be reduced in severity and amount, and are sometimes dismissed.

The Company has provided the information below in response to the rules and regulations of the SEC issued under Section 1503(a) of the Dodd-Frank Act. The disclosures reflect U.S. mining operations only, as the requirements of the Dodd-Frank Act and the SEC rules and regulations thereunder do not apply to the Company's quarries and mines operated outside the United States.

The Company presents the following items regarding certain mining safety and health matters for the quarter ended September 28, 2019 as applicable (Appendix 1):

- Total number of violations of mandatory health or safety standards that could significantly and substantially contribute to the cause and effect of a mine safety or health hazard under Section 104 of the Mine Act for which the Company has received a citation from MSHA (hereinafter, "Section 104 S&S Citations"). If MSHA determines that a violation of a mandatory health or safety standard is likely to result in a reasonably serious injury or illness under the unique circumstance contributed to by the violation, MSHA will classify the violation as a "significant and substantial" violation (commonly referred to as a "S&S" violation). MSHA inspectors will classify each citation or order written as a "S&S" violation or not.

- Total number of orders issued under Section 104(b) of the Mine Act (hereinafter, "Section 104(b) Orders"). These orders are issued for situations in which MSHA determines a previous violation covered by a Section 104(a) citation has not been totally abated within the prescribed time period, so a further order is needed to require the mine operator to immediately withdraw all persons (except authorized persons) from the affected area of a quarry or mine.

- Total number of citations and orders for unwarrantable failure of the mine operator to comply with mandatory health or safety standards under Section 104(d) of the Mine Act (hereinafter, "Section 104(d) Citations and Orders"). These violations are similar to those described above, but the standard is that the violation could significantly and substantially contribute to the cause and effect of a safety or health hazard, but the conditions do not cause imminent danger, and the MSHA inspector finds that the violation is caused by an unwarranted failure of the operator to comply with the health and safety standards.

- Total number of flagrant violations under Section 110(b)(2) of the Mine Act (hereinafter, "Section 110(b)(2) Violations"). These violations are penalty violations issued if MSHA determines that violations are "flagrant", for which civil penalties may be assessed. A "flagrant" violation means a reckless or repeated failure to make reasonable efforts to eliminate a known violation of a mandatory health or safety standard that substantially and proximately caused, or reasonably could have been expected to cause, death or serious bodily injury.

- Total number of imminent danger orders issued under Section 107(a) of the Mine Act (hereinafter, "Section 107(a) Orders"). These orders are issued for situations in which MSHA determines an imminent danger exists in the quarry or mine and results in orders of immediate withdrawal of all persons (except certain authorized persons) from the area of the quarry or mine affected by its condition until the imminent danger and the underlying conditions causing the imminent danger no longer exist.

- Total dollar value of proposed assessments from MSHA under the Mine Act. These are the amounts of proposed assessments issued by MSHA with each citation or order for the time period covered by the reports. Penalties are assessed by MSHA according to a formula that considers a number of factors, including the mine operator's history, size, negligence, gravity of the violation, good faith in trying to correct the violation promptly, and the effect of the penalty on the operator's ability to continue in business.

- Total number of mining-related fatalities. Mines subject to the Mine Act are required to report all fatalities occurring at their facilities unless the fatality is determined to be "non-chargeable" to the mining industry. The final rules of the SEC require disclosure of mining-related fatalities at mines subject to the Mine Act. Only fatalities determined by MSHA not to be mining-related may be excluded.

- Receipt of written notice from MSHA of a pattern (or a potential to have such a pattern) of violations of mandatory health or safety standards that are of such nature as could have significantly and substantially contributed to the cause and effect of other mine health or safety hazards under Section 104(e) of the Mine Act. If MSHA determines that a mine has a "pattern" of these types of violations, or the potential to have such a pattern, MSHA is required to notify the mine operator of the existence of such a thing.

- Legal actions before the Federal Mine Safety and Health Review Commission (the "Commission") pending as of the last day of period.

- Legal actions before the Commission initiated during period.

- Legal actions before the Commission resolved during period.

The Commission is an independent adjudicative agency that provides administrative trial and appellate review of legal disputes arising under the Mine Act. The cases may involve, among other questions, challenges by operators to citations, orders and penalties they have received from MSHA, or complaints of discrimination by miners under Section 105 of the Mine Act. There were no legal actions pending before the Commission for any of the Company's quarries or mines, as of or during the quarter ended September 28, 2019.

Appendix 1 follows.

Appendix 1

Name of Company	Name or Operation	MSHA ID	State	Number of Inspections	Total Number of Section 104 S&S Citation	Section 104(b) Citations and Orders	Section 104(d) Citations and Orders	Section 110(b)(2) Violations	Section 107(a) Orders	Total Dollar Value of Proposed MSHA Assessments	Total Number of Mining Related Fatalities	Received Written Notice Under Section 104(e) (yes/no)	Received Written Notice of Potential Violation under 104(e) (yes/no)	Number of Contested Citations	Number of Contested Penalties	Total Dollar Value of Penalties in Contest	Number of Complaints of Discharge or Discrimination
Alleyton Resources	Altair Plant	4104375	TX	—	—	—	—	—	—	$ —	—	No	No	—	—	$ —	—
Alleyton Resources	Duncan Plant	4105187	TX	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Alleyton Resources	Hanna's Bend Plant	4104631	TX	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Alleyton Resources	Monahan	4104552	TX	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Alleyton Resources	Potter Plant	4104987	TX	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Alleyton Resources	Smith Plant	4105210	TX	1	—	—	—	—	—	—	—	No	No	—	—	—	—
Alleyton Resources	Vox Plant	4105081	TX	3	—	—	—	—	—	—	—	No	No	—	—	—	—
American Materials	Bailey Mine	3102289	NC	2	—	—	—	—	—	—	—	No	No	—	—	—	—
American Materials	Black Creek Sand Mine	3800722	SC	—	—	—	—	—	—	—	—	No	No	—	—	—	—
American Materials	CAROLINA SAND INC. #230	3800621	SC	—	—	—	—	—	—	—	—	No	No	—	—	—	—
American Materials	CAROLINA SAND INC. #240	3800608	SC	2	—	—	—	—	—	—	—	No	No	—	—	—	—
American Materials	CAROLINA SAND INC. #250	3800673	SC	—	—	—	—	—	—	—	—	No	No	—	—	—	—
American Materials	DIXIANA MINE	3800125	SC	—	—	—	—	—	—	—	—	No	No	—	—	—	—
American Materials	Dupree Mine	3102282	NC	—	—	—	—	—	—	—	—	No	No	—	—	—	—
American Materials	Gresham Mine	3800673	SC	—	—	—	—	—	—	—	—	No	No	—	—	—	—
American Materials	IVANHOE PIT	3102011	NC	1	—	—	—	—	—	—	—	No	No	—	—	—	—
American Materials	Lynches River Quarry	3800715	SC	—	—	—	—	—	—	—	—	No	No	—	—	—	—
American Materials	Pee Dee Plant	3800621	SC	—	—	—	—	—	—	—	—	No	No	—	—	—	—
American Materials	Pinner Mine	3102105	NC	—	—	—	—	—	—	—	—	No	No	—	—	—	—
American Materials	Richardson Mine	3800719	SC	—	—	—	—	—	—	—	—	No	No	—	—	—	—
American Materials	Sumter County Sand	3800575	SC	2	—	—	—	—	—	—	—	No	No	—	—	—	—
American Materials	Wade Mine	3102089	NC	—	—	—	—	—	—	—	—	No	No	—	—	—	—
American Materials	Shuler Mine	3800124	SC	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Austin Materials	Hays Quarry	4104514	TX	1	1	—	—	—	—	580	—	No	No	—	—	580	—
Austin Materials	Florence Quarry	4104807	TX	1	1	—	—	—	—	—	—	No	No	1	—	—	—
Boxley Materials	Boxley Aggregates-Blue Ridge Plant	4400014	VA	3	—	—	—	—	—	—	—	No	No	—	—	—	—
Boxley Materials	Boxley Aggregates-Fieldale Plant	4400074	VA	2	2	—	—	—	—	—	—	No	No	—	—	—	—
Boxley Materials	Boxley Aggregates-Lawyers Rd Plt	4400015	VA	2	1	—	—	—	—	319	—	No	No	—	—	—	—

Boxley Materials	Boxley Aggregates-Mt Athos Plant	4400106	VA	1	—	—	—	—	—	—	—	No	No	—	—	—	—
Boxley Materials	Boxley Aggregates-Piney River Plant	4400035	VA	2	—	—	—	—	—	—	—	No	No	—	—	—	—
Boxley Materials	Boxley Aggregates-Rich Patch Quarry	4406897	VA	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Boxley Materials	Broad River Crushed Stone, LLC	901225	GA	1	—	—	—	—	—	—	—	No	No	—	—	—	—
Boxley Materials	EDMUND MINE & MILL	3800124	SC	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Boxley Materials	McLanahan Crushed Stone	900050	GA	2	—	—	—	—	—	—	—	No	No	—	—	—	—
Boxley Materials	PSC1 - EXTEC 5000S Screen	4404196	VA	1	—	—	—	—	—	—	—	No	No	—	—	—	—
Con-Agg of MO	Big Spring	2300951	MO	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Con-Agg of MO	Boon Quarries East	2300078	MO	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Con-Agg of MO	Boon Quarries West	2300022	MO	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Con-Agg of MO	Boone Quarries Houstonia	2302119	MO	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Con-Agg of MO	Boone Quarries Jeff City BQJC	2302221	MO	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Con-Agg of MO	Boone Quarries Millersburg	2300160	MO	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Con-Agg of MO	Boone Quarries Riggs	2302099	MO	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Con-Agg of MO	Boone Quarries Tipton	2301586	MO	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Con-Agg of MO	Boone Quarries-North Telsmith Plant	2301894	MO	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Con-Agg of MO	Boonville Quarry	2300097	MO	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Con-Agg of MO	Con-Agg LLC dba Boone Quarries	2302153	MO	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Con-Agg of MO	Harrisburg Plant 671	301603	AR	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Con-Agg of MO	Huntsville Quarry	2302004	MO	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Con-Agg of MO	Jonesboro Plant 675	300566	AR	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Con-Agg of MO	Marshall Junction Quarry	2301253	MO	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Con-Agg of MO	Marshall Quarry	2300099	MO	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Con-Agg of MO	Mid-Missouri Limestone	2302009	MO	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Con-Agg of MO	Mid-Missouri Limestone New Haven	2301765	MO	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Con-Agg of MO	Mid-Missouri Limestone Reform	2301447	MO	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Con-Agg of MO	Norris Quarries Plant # 1	2301929	MO	2	—	—	—	—	—	—	—	No	No	—	—	—	—
Con-Agg of MO	Norris Quarries Plant #2	2302399	MO	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Con-Agg of MO	Norris Quarries Plant #3	2301930	MO	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Con-Agg of MO	Norris Quarries Stoner Sand	2302014	MO	1	—	—	—	—	—	—	—	No	No	—	—	—	—
Con-Agg of MO	Plant # 65	2301922	MO	2	1	—	—	—	—	768	—	No	No	—	—	—	—
Con-Agg of MO	plant # 80	2302071	MO	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Con-Agg of MO	Plant # 81	2302296	MO	3	—	—	—	—	—	—	—	No	No	—	—	—	—
Con-Agg of MO	Plant #83	2302338	MO	2	2	—	—	—	—	—	—	No	No	—	—	—	—
Con-Agg of MO	Wesphalia	2301908	MO	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Con-Agg of MO	Big Spring	2300951	MO	2	3	—	—	—	—	500	—	No	No	—	—	—	—
Con-Agg of MO	Marshall Quarry	2300099	MO	2	2	—	—	—	—	220	—	No	No	1	1	110	—
Concrete Supply	Oakland Sand River Plant	1401742	KS	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Concrete Supply	Silver Lake Plant	1401702	KS	2	2	—	1	—	—	3,463	—	No	No	—	—	—	—
Continental Cement Company	Davenport Plant	1300125	IA	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Continental Cement Company	Hannibal Underground	2302434	MO	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Continental Cement Company	Owensville Plant	2301038	MO	—	—	—	—	—	—	—	—	No	No	—	—	—	—

Cornejo & Sons	Durbin Quarry	14-01719	KS	2	—	—	—	—	—	—	—	No	No	—	—	—	—
Cornejo & Sons	Grove	1401539	KS	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Cornejo & Sons	Kingsbury	1400624	KS	2	2	—	—	—	—	874	—	No	No	—	—	—	—
Cornejo & Sons	Portable Plant #1	1401462	KS	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Cornejo & Sons	Portable Plant #2	1401463	KS	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Cornejo & Sons	Portable Plant #3	1401464	KS	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Cornejo & Sons	Portable Plant #4	1400156	KS	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Cornejo & Sons	Portable Plant #5	1401648	KS	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Cornejo & Sons	Wichita Sand and Gravel	1400543	KS	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Cornejo & Sons	Oxford Sand and Gravel	1400522	KS	2	—	—	—	—	—	—	—	No	No	—	—	—	—
Hamm, Inc	Buildex	2300319	MO	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Hamm, Inc	Lip Man Rip Rap	1401709	KS	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Hamm, Inc	Plant # 80002	1401583	KS	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Hamm, Inc	Plant # 80003	1401474	KS	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Hamm, Inc	Plant # 80010	1401687	KS	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Hamm, Inc	Plant # 80011	1401470	KS	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Hamm, Inc	Plant # 80013	1401609	KS	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Hamm, Inc	Plant #80006	1401471	KS	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Hamm, Inc	Plant #80012	1401472	KS	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Hamm, Inc	Plant #81038	1401709	KS	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Hamm, Inc	85.9	300566	AR	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Hinkle Contracting Company	Allen Co. Stone	1500063	KY	1	—	—	—	—	—	—	—	No	No	—	—	—	—
Hinkle Contracting Company	Barren Co Stone	1506863	KY	1	—	—	—	—	—	—	—	No	No	—	—	—	—
Hinkle Contracting Company	Bassett Stone Company	1500004	KY	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Hinkle Contracting Company	Bourbon Limestone Company	1518415	KY	7	2	—	—	—	—	—	—	No	No	—	—	—	—
Hinkle Contracting Company	Casey Stone Company	1500012	KY	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Hinkle Contracting Company	Cave Run Stone	1507194	KY	2	—	—	—	—	—	—	—	No	No	—	—	—	—
Hinkle Contracting Company	Ewing Stone	4400234	VA	1	—	—	—	—	—	—	—	No	No	—	—	—	—
Hinkle Contracting Company	Glass Sand and Gravel	1504261	KY	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Hinkle Contracting Company	Hart County Stone Company	1500035	KY	1	—	—	—	—	—	—	—	No	No	—	—	—	—
Hinkle Contracting Company	Jellico Stone Company	4000057	TN	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Hinkle Contracting Company	Lake Cumberland Stone	1500099	KY	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Hinkle Contracting Company	Monroe Co. Stone	1500101	KY	2	—	—	—	—	—	—	—	No	No	—	—	—	—
Hinkle Contracting Company	Natural Bridge Stone	1500075	KY	3	—	—	—	—	—	—	—	No	No	—	—	—	—
Hinkle Contracting Company	Pulaski Stone Company	1519092	KY	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Hinkle Contracting Company	Somerset Stone Company	1500094	KY	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Hinkle Contracting Company	Tipton Ridge Quarry	1500019	KY	2	—	—	—	—	—	—	—	No	No	—	—	—	—
Kilgore Companies	Black Canyon 2100	1002146	ID	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Kilgore Companies	Crusher 2	504645	CO	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Kilgore Companies	Crusher 3	504593	CO	1	—	—	—	—	—	—	—	No	No	—	—	—	—
Kilgore Companies	Crusher1	504296	CO	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Kilgore Companies	Elam Construction Inc	504593	CO	—	—	—	—	—	—	—	—	No	No	—	—	—	—

Kilgore Companies	ESG Portable 1	505047	CO	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Kilgore Companies	Extec S-5 Track Mounted Screen sn9617	502366	CO	2	—	—	—	—	—	—	—	No	No	—	—	—	—
Kilgore Companies	Grey Goose	503869	CO	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Kilgore Companies	Highland Pit	4200941	UT	2	—	—	—	—	—	—	—	No	No	—	—	—	—
Kilgore Companies	HP 300	504594	CO	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Kilgore Companies	KC-Portable 2 (WY)	4801625	WY	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Kilgore Companies	KC-Portable 3 (WY)	4801626	WY	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Kilgore Companies	Kolberg Portable Belt & Grizzly	4202384	UT	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Kilgore Companies	Lewis & Lewis, Inc Pit #2	4801482	WY	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Kilgore Companies	Maryland Creek	503800	CO	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Kilgore Companies	Metso LT106Track Mounted Jaw Crusher	504872	CO	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Kilgore Companies	Mona Pit	4202212	UT	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Kilgore Companies	Parleys Stone	4202102	UT	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Kilgore Companies	Portable 1	4202528	UT	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Kilgore Companies	Portable 2	4201479	UT	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Kilgore Companies	Portable 3	4201823	UT	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Kilgore Companies	Portable 4	4202465	UT	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Kilgore Companies	Portable Crusher G	4202360	UT	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Kilgore Companies	Portable Crusher K	4202523	UT	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Kilgore Companies	PORTABLE CRUSHER UNIT B	4201963	UT	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Kilgore Companies	Portable Crusher, Unit F	4202042	UT	6	6	—	—	—	—	—	—	No	No	—	—	—	—
Kilgore Companies	Powerscreen 2100-2	1002147	ID	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Kilgore Companies	Rental Plant 1	504616	CO	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Kilgore Companies	Roadrunner Screen	1001916	ID	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Kilgore Companies	Sierra Ready Mix Quarry Site	2602594	NV	4	1	—	—	—	—	—	—	No	No	—	—	—	—
Kilgore Companies	Snowstorm Portable Plant	501013	CO	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Kilgore Companies	Stockton Pit	4202480	UT	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Kilgore Companies	Unit A Portable	4201736	UT	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Kilgore Companies	Valley Pit	4200400	UT	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Kilgore Companies	Washplant 1	504873	CO	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Kilgore Companies	Washplant 2	504746	CO	—	—	—	—	—	—	— —	—	No	No	—	—	—	—
Kilgore Companies	Washplant 3	504565	CO	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Kilgore Companies	Washplant 4	503809	CO	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Kilgore Companies	West Valley	4201980	UT	—	—	—	—	—	—	—	—	No	No	—	—	—	—
RK Hall Construction	Clements Pit	41-4129	TX	—	—	—	—	—	—	—	—	No	No	—	—	—	—
RK Hall Construction	Kirby Crusher #15	301958	AR	—	—	—	—	—	—	—	—	No	No	—	—	—	—
RK Hall Construction	Pope's Point	3401930	OK	—	—	—	—	—	—	—	—	No	No	—	—	—	—
RK Hall Construction	Sawyer Plant	3401950	OK	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Troy Vines	Vines Portable Plant	4103607	TX	—	—	—	—	—	—	—	—	No	No	—	—	—	—
Troy Vines	Vines Sand and Gravel	4103348	TX	—	—	—	—	—	—	—	—	No	No	—	—	—	—

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Section 12: EX-99.1 (EXHIBIT 99.1)

Exhibit 99.1

SUMMIT MATERIALS, LLC AND SUBSIDIARIES
Consolidated Balance Sheets
(In thousands)

	September 28, 2019 *(unaudited)*	December 29, 2018 *(audited)*
Assets		
Current assets:		
Cash and cash equivalents	$ 182,589	$ 128,508
Accounts receivable, net	337,060	214,518

Costs and estimated earnings in excess of billings	49,715	18,602
Inventories	197,015	213,851
Other current assets	12,037	16,061
Total current assets	778,416	591,540
Property, plant and equipment, less accumulated depreciation, depletion and amortization (September 28, 2019 - $923,439 and December 29, 2018 - $794,251)	1,762,307	1,780,132
Goodwill	1,199,496	1,193,028
Intangible assets, less accumulated amortization (September 28, 2019 - $9,666 and December 29, 2018 - $8,247)	24,446	18,460
Operating lease right-of-use assets	33,045	—
Other assets	51,772	50,084
Total assets	$ 3,849,482	$ 3,633,244
Liabilities and Member's Interest		
Current liabilities:		
Current portion of debt	$ 6,354	$ 6,354
Current portion of acquisition-related liabilities	31,898	31,770
Accounts payable	152,843	109,008
Accrued expenses	118,234	100,029
Current operating lease liabilities	8,609	—
Billings in excess of costs and estimated earnings	12,476	11,840
Total current liabilities	330,414	259,001
Long-term debt	1,853,414	1,807,502
Acquisition-related liabilities	38,645	45,354
Noncurrent operating lease liabilities	25,329	—
Other noncurrent liabilities	151,016	135,956
Total liabilities	2,398,818	2,247,813
Commitments and contingencies (see note 11)		
Member's equity	1,411,223	1,396,241
Accumulated earnings	59,942	12,806
Accumulated other comprehensive loss	(20,501)	(23,616)
Total member's interest	1,450,664	1,385,431
Total liabilities and member's interest	$ 3,849,482	$ 3,633,244

See notes to unaudited consolidated financial statements.

SUMMIT MATERIALS, LLC AND SUBSIDIARIES
Unaudited Consolidated Statements of Operations
(In thousands)

	Three months ended		Nine months ended	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
Revenue:				
Product	$ 554,721	$ 512,822	$ 1,293,999	$ 1,229,596
Service	111,126	112,195	230,389	234,572
Net revenue	665,847	625,017	1,524,388	1,464,168
Delivery and subcontract revenue	66,235	69,644	141,224	145,804
Total revenue	732,082	694,661	1,665,612	1,609,972
Cost of revenue (excluding items shown separately below):				
Product	338,119	321,586	846,702	814,166
Service	78,625	80,573	167,550	170,626
Net cost of revenue	416,744	402,159	1,014,252	984,792
Delivery and subcontract cost	66,235	69,644	141,224	145,804
Total cost of revenue	482,979	471,803	1,155,476	1,130,596
General and administrative expenses	62,344	59,457	190,915	190,975
Depreciation, depletion, amortization and accretion	55,127	53,974	164,140	150,663
Transaction costs	751	1,260	1,449	3,817
Operating income	130,881	108,167	153,632	133,921
Interest expense	28,800	28,720	88,020	86,066
Loss on debt financings	—	—	14,565	149
Gain on sale of business	—	(12,108)	—	(12,108)
Other income, net	(1,875)	(3,371)	(8,354)	(11,942)
Income from operations before taxes	103,956	94,926	59,401	71,756
Income tax expense	18,757	4,499	12,265	3,323
Net income attributable to Summit LLC	$ 85,199	$ 90,427	$ 47,136	$ 68,433

See notes to unaudited consolidated financial statements.

SUMMIT MATERIALS, LLC AND SUBSIDIARIES
Unaudited Consolidated Statements of Comprehensive Income
(In thousands)

	Three months ended		Nine months ended	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
Net income	$ 85,199	$ 90,427	$ 47,136	$ 68,433
Other comprehensive income (loss):				
Foreign currency translation adjustment	(1,328)	1,970	3,263	(3,179)
Income (loss) on cash flow hedges	155	87	(148)	1,443
Other comprehensive (loss) income	(1,173)	2,057	3,115	(1,736)
Comprehensive income attributable to Summit LLC	$ 84,026	$ 92,484	$ 50,251	$ 66,697

See notes to unaudited consolidated financial statements.

SUMMIT MATERIALS, LLC AND SUBSIDIARIES
Unaudited Consolidated Statements of Cash Flows
(In thousands)

	Nine months ended	
	September 28, 2019	September 29, 2018
Cash flow from operating activities:		
Net income	$ 47,136	$ 68,433
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation, depletion, amortization and accretion	166,594	152,279
Share-based compensation expense	15,424	19,833
Net gain on asset disposals	(8,030)	(27,261)
Non-cash loss on debt financings	2,850	—
Change in deferred tax asset, net	11,153	1,463
Other	(1,609)	873
(Increase) decrease in operating assets, net of acquisitions and dispositions:		
Accounts receivable, net	(121,196)	(90,481)
Inventories	16,296	(26,027)
Costs and estimated earnings in excess of billings	(31,085)	(37,643)
Other current assets	5,635	(6,819)
Other assets	4,992	(1,217)
(Decrease) increase in operating liabilities, net of acquisitions and dispositions:		
Accounts payable	51,728	24,392
Accrued expenses	9,142	(1,611)
Billings in excess of costs and estimated earnings	618	(3,850)
Other liabilities	(5,805)	(1,807)
Net cash provided by operating activities	163,843	70,557
Cash flow from investing activities:		
Acquisitions, net of cash acquired	(2,842)	(210,894)
Purchases of property, plant and equipment	(139,762)	(183,752)
Proceeds from the sale of property, plant and equipment	13,035	18,426
Proceeds from sale of business	—	21,564
Other	(207)	2,660
Net cash used for investing activities	(129,776)	(351,996)
Cash flow from financing activities:		
Capital contributions by member	2,559	15,615
Proceeds from debt issuances	300,000	64,500
Debt issuance costs	(6,312)	(550)
Payments on debt	(264,906)	(79,027)
Payments on acquisition-related liabilities	(8,500)	(32,821)
Distributions	(2,500)	(2,569)
Other	(501)	(1,913)
Net cash provided by (used in) financing activities	19,840	(36,765)
Impact of foreign currency on cash	174	(422)
Net increase (decrease) in cash	54,081	(318,626)
Cash and cash equivalents – beginning of period	128,508	383,556
Cash and cash equivalents – end of period	$ 182,589	$ 64,930

See notes to unaudited consolidated financial statements.

SUMMIT MATERIALS, LLC AND SUBSIDIARIES
Unaudited Consolidated Statements of Changes in Member's Interest and Redeemable Noncontrolling Interest
(In thousands)

	Total Member's Interest			
	Member's equity	Accumulated (deficit) earnings	Accumulated other comprehensive loss	Total member's interest
Balance — December 29, 2018	$ 1,396,241	$ 12,806	$ (23,616)	$ 1,385,431
Net contributed capital	766	—	—	766
Net loss	—	(91,564)	—	(91,564)
Other comprehensive income	—	—	2,192	2,192
Distributions	(2,500)	—	—	(2,500)
Share-based compensation	5,906	—	—	5,906
Shares redeemed to settle taxes and other	(501)	—	—	(501)
Balance — March 30, 2019	$ 1,399,912	$ (78,758)	$ (21,424)	$ 1,299,730
Net contributed capital	18	—	—	18
Net income	—	53,501	—	53,501
Other comprehensive income	—	—	2,096	2,096
Share-based compensation	4,699	—	—	4,699
Balance — June 29, 2019	$ 1,404,629	$ (25,257)	$ (19,328)	$ 1,360,044
Net contributed capital	1,775	—	—	1,775
Net income	—	85,199	—	85,199
Other comprehensive loss	—	—	(1,173)	(1,173)
Share-based compensation	4,819	—	—	4,819
Balance — September 28, 2019	$ 1,411,223	$ 59,942	$ (20,501)	$ 1,450,664
Balance — December 30, 2017	$ 1,359,760	$ (51,031)	$ (17,135)	$ 1,291,594
Net contributed capital	15,475	—	—	15,475
Net loss	—	(68,596)	—	(68,596)
Other comprehensive loss	—	—	(2,109)	(2,109)
Distributions	(2,509)	—	—	(2,509)
Share-based compensation	8,507	—	—	8,507
Shares redeemed to settle taxes and other	(1,820)	—	—	(1,820)
Balance — March 31, 2018	$ 1,379,413	$ (119,627)	$ (19,244)	$ 1,240,542
Net contributed capital	140	—	—	140
Net income	—	46,602	—	46,602
Other comprehensive loss	—	—	(1,684)	(1,684)
Distributions	(60)	—	—	(60)
Share-based compensation	5,683	—	—	5,683
Shares redeemed to settle taxes and other	(84)	—	—	(84)
Balance — June 30, 2018	$ 1,385,092	$ (73,025)	$ (20,928)	$ 1,291,139
Net income	—	90,427	—	90,427
Other comprehensive income	—	—	2,057	2,057
Share-based compensation	5,643	—	—	5,643
Shares redeemed to settle taxes and other	(9)	—	—	(9)
Balance — September 29, 2018	$ 1,390,726	$ 17,402	$ (18,871)	$ 1,389,257

See notes to unaudited consolidated financial statements.

1. SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

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

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

Summit LLC is a wholly owned indirect subsidiary of Summit Materials Holdings L.P. (“Summit Holdings”), whose primary owner is Summit Materials, Inc. (“Summit Inc.”). Summit Inc. was formed as a Delaware corporation on September 23, 2014. Its sole material asset is a controlling equity interest in Summit Holdings. Pursuant to a reorganization into a holding company structure (the “Reorganization”) consummated in connection with Summit Inc.’s March 2015 initial public offering, Summit Inc. became a holding corporation operating and controlling all of the business and affairs of Summit Holdings and its subsidiaries, including Summit LLC.

Basis of Presentation—These unaudited consolidated financial statements were prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”) for interim financial information, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). Certain information and footnote disclosures typically included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations. These unaudited consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements and the notes thereto as of and for the year ended December 29, 2018. The Company continues to follow the accounting policies set forth in those audited consolidated financial statements.

Management believes that these consolidated interim financial statements include all adjustments, normal and recurring in nature, that are necessary to present fairly the financial position of the Company as of September 28, 2019, the results of operations for the three and nine months ended September 28, 2019 and September 29, 2018 and cash flows for the nine months ended September 28, 2019 and September 29, 2018.

Use of Estimates—Preparation of these consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions. These estimates and the underlying assumptions affect the amounts of assets and liabilities reported, disclosures about contingent assets and liabilities and reported amounts of revenue and expenses. Such estimates include the valuation of accounts receivable, inventories, valuation of deferred tax assets, goodwill, intangibles and other long-lived assets, pension and other postretirement obligations and asset retirement obligations. Estimates also include revenue earned on contracts and costs to complete contracts. Most of the Company’s paving and related services are performed under fixed unit-price contracts with state and local governmental entities. Management regularly evaluates its estimates and assumptions based on historical experience and other factors, including the current economic environment. As future events and their effects cannot be determined with precision, actual results can differ significantly from estimates made. Changes in estimates, including those resulting from continuing changes in the economic environment, are reflected in the Company’s consolidated financial statements when the change in estimate occurs.

Business and Credit Concentrations—The Company’s operations are conducted primarily across 23 U.S. states and in British Columbia, Canada, with the most significant revenue generated in Texas, Utah, Kansas and Missouri. The Company’s accounts receivable consist primarily of amounts due from customers within these areas. Therefore, collection of these accounts is dependent on the economic conditions in the aforementioned states, as well as specific situations affecting individual customers. Credit granted within the Company’s trade areas has been granted to many customers, and management does not believe that a significant concentration of credit exists with respect to any individual customer or group of customers. No single customer accounted for more than 10% of the Company's total revenue in the three and nine months ended September 28, 2019 or September 29, 2018.

Revenue Recognition—We earn revenue from the sale of products, which primarily include aggregates, cement, ready-mix concrete and asphalt, but also include concrete products and plastics components, and from the provision of services, which are primarily paving and related services, but also include landfill operations, the receipt and disposal of waste that is converted to fuel for use in our cement plants and underground storage space rental.

Products

We earn revenue from the sale of products, which primarily include aggregates, cement, ready-mix concrete and asphalt, but also include concrete products, net of discounts or allowances, if any, and freight and delivery charges billed to customers. Freight and delivery charges associated with cement sales are recorded on a net basis together with freight costs within cost of sales. Revenue for product sales is recognized when evidence of an arrangement exists and when control passes, which generally is when the product is shipped.

Services

We earn revenue from the provision of services, which are primarily paving and related services, but also include landfill operations, and the receipt and disposal of waste that is converted to fuel for use in our cement plants. Revenue from the receipt of waste fuels is recognized when the waste is accepted and a corresponding liability is recognized for the costs to process the waste into fuel for the manufacturing of cement or to ship the waste offsite for disposal in accordance with applicable regulations.

Revenue derived from paving and related services is recognized using the percentage of completion method, which approximates progress towards completion. Under the percentage of completion method, we recognize paving and related services revenue as services are rendered. The majority of our construction service contracts are completed within one year, but may occasionally extend beyond this time frame. We estimate profit as the difference between total estimated revenue and total estimated cost of a contract and recognize that profit over the life of the contract based on input measures. We generally measure progress toward completion on long-term paving and related services contracts based on the proportion of costs incurred to date relative to total estimated costs at completion. We include revisions of estimated profits on contracts in earnings under the cumulative catch-up method, under which the effect of revisions in estimates is recognized immediately. If a revised estimate of contract profitability reveals an anticipated loss on the contract, we recognize the loss in the period it is identified.

The percentage of completion method of accounting involves the use of various estimating techniques to project costs at completion, and in some cases includes estimates of recoveries asserted against the customer for changes in specifications or other disputes. Contract estimates involve various assumptions and projections relative to the outcome of future events over multiple periods, including future labor productivity and availability, the nature and complexity of the work to be performed, the cost and availability of materials, the effect of delayed performance, and the availability and timing of funding from the customer. These estimates are based on our best judgment. A significant change in one or more of these estimates could affect the profitability of one or more of our contracts. We review our contract estimates regularly to assess revisions in contract values and estimated costs at completion. Inherent uncertainties in estimating costs make it at least reasonably possible that the estimates used will change within the near term and over the life of the contracts. No material adjustments to a contract were recognized in the three and nine months ended September 28, 2019.

Costs and estimated earnings in excess of billings are composed principally of revenue recognized on contracts on the percentage of completion method for which billings had not been presented to customers because the amounts were not billable under the contract terms at the balance sheet date. In accordance with the contract terms, the unbilled receivables at the balance sheet date are expected to be billed in following periods. Billings in excess of costs and estimated earnings represent billings in excess of revenue recognized. Contract assets and liabilities are netted on a contract-by-contract basis.

New Accounting Standards — In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-02, *Leases* (Topic 842), which requires lessees to recognize most leases on the balance sheet. Lessees are required to disclose more quantitative and qualitative information about the leases than current U.S. GAAP requires. The ASU and subsequent amendments issued in 2018 are effective for public entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. We adopted the standard effective December 30, 2018 using the modified retrospective approach.

The modified retrospective approach provides a method for recording existing leases at adoption. In addition, we elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed us to carry forward the historical lease classification. In addition, we elected the hindsight practical expedient to determine the lease term for existing leases.

The most significant impact upon adoption was the recognition of $36.8 million of operating lease right-of-use assets and $36.8 million operating lease liabilities. The standard had no material impact on our statement of cash flows.

In August 2017, the FASB issued ASU No. 2017-12, Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities, allowing more financial and nonfinancial hedging strategies to be eligible for hedge accounting. The ASU is effective for fiscal years beginning after December 15, 2018 and interim periods within those fiscal years. The adoption of this new ASU did not have a material impact on our consolidated financial results.

In June 2018, the FASB issued ASU No. 2018-07, Compensation-Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting, increasing the scope of Topic 718 to include share-based payment transactions for acquiring goods and services from nonemployees. The ASU is effective for fiscal years beginning after December 15, 2018 and interim periods within those fiscal years. The adoption of this new ASU did not have a material impact on our consolidated financial results.

2. GOODWILL AND INTANGIBLES

The Company has completed numerous acquisitions since its formation, which have been financed through a combination of debt and equity funding. The operations of each acquisition have been included in the Company’s consolidated results of operations since the respective closing dates of the acquisitions. The Company measures all assets acquired and liabilities assumed at their acquisition-date fair value.

Changes in the carrying amount of goodwill, by reportable segment, from December 29, 2018 to September 28, 2019 are summarized as follows:

	West	East	Cement	Total
Balance, December 29, 2018	$ 581,567	$ 406,805	$ 204,656	$ 1,193,028
Acquisitions (1)	1,167	3,621	—	4,788
Foreign currency translation adjustments	1,680	—	—	1,680
Balance, September 28, 2019	$ 584,414	$ 410,426	$ 204,656	$ 1,199,496

(1) Reflects goodwill from 2019 acquisitions and working capital adjustments from prior year acquisitions.

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

	September 28, 2019			December 29, 2018		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Mineral leases	$ 19,064	$ (6,124)	$ 12,940	$ 19,064	$ (5,259)	$ 13,805
Reserve rights	6,234	(2,174)	4,060	6,234	(1,940)	4,294
Trade names	1,000	(933)	67	1,000	(858)	142
Other	7,814	(435)	7,379	409	(190)	219
Total intangible assets	$ 34,112	$ (9,666)	$ 24,446	$ 26,707	$ (8,247)	$ 18,460

Amortization expense totaled $0.6 million and $1.4 million for the three and nine months ended September 28, 2019, respectively, and $0.5 million and $1.1 million for the three and nine months September 29, 2018, respectively. The estimated amortization expense for the intangible assets for each of the five years subsequent to September 28, 2019 is as follows:

2019 (three months)	$	711
2020		2,552
2021		2,164
2022		2,168
2023		2,035
2024		1,940
Thereafter		12,876
Total	$	24,446

In September 2018, the Company sold a non-core business in the West segment, resulting in cash proceeds of $21.6 million, and a total gain on the disposition of the business of $12.1 million.

3. REVENUE RECOGNITION

We derive our revenue predominantly by selling construction materials, products and providing paving and related services. Construction materials consist of aggregates and cement. Products consist of related downstream products, including ready-mix concrete, asphalt paving mix and concrete products. Paving and related service revenue is generated primarily from the asphalt paving services that we provide.

Revenue by product for the three and nine months ended September 28, 2019 and September 29, 2018 is as follows:

	Three months ended		Nine months ended	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
Revenue by product*:				
Aggregates	$ 137,528	$ 109,621	$ 354,050	$ 280,761
Cement	92,482	87,909	202,780	197,439
Ready-mix concrete	172,758	164,866	444,258	447,490
Asphalt	137,753	125,153	254,156	231,666
Paving and related services	138,083	146,477	267,732	288,119
Other	53,478	60,635	142,636	164,497
Total revenue	$ 732,082	$ 694,661	$ 1,665,612	$ 1,609,972

*Revenue from liquid asphalt terminals is included in asphalt revenue.

The following table outlines the significant changes in contract assets and contract liability balances from December 29, 2018 to September 28, 2019. Also included in the table is the net change in estimate as a percentage of aggregate revenue for such contracts:

	Costs and estimated earnings in excess of billings	Billings in excess of costs and estimated earnings
Balance - December 29, 2018	$ 18,602	$ 11,840
Changes in revenue billed, contract price or cost estimates	31,085	618
Other	28	18
Balance - September 28, 2019	$ 49,715	$ 12,476

Accounts receivable, net consisted of the following as of September 28, 2019 and December 29, 2018:

	September 28, 2019	December 29, 2018
Trade accounts receivable	$ 251,426	$ 157,601
Construction contract receivables	71,903	47,994
Retention receivables	17,227	15,010
Receivables from related parties	1,783	629
Accounts receivable	342,339	221,234
Less: Allowance for doubtful accounts	(5,279)	(6,716)
Accounts receivable, net	$ 337,060	$ 214,518

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

4. INVENTORIES

Inventories consisted of the following as of September 28, 2019 and December 29, 2018:

	September 28, 2019	December 29, 2018
Aggregate stockpiles	$ 142,618	$ 151,300
Finished goods	25,240	34,993
Work in process	7,478	7,478
Raw materials	21,679	20,080
Total	$ 197,015	$ 213,851

5. ACCRUED EXPENSES

Accrued expenses consisted of the following as of September 28, 2019 and December 29, 2018:

	September 28, 2019	December 29, 2018
Interest	$ 16,178	$ 26,223
Payroll and benefits	27,860	15,952
Finance lease obligations	17,288	15,557
Insurance	17,035	13,625
Non-income taxes	16,495	7,674
Professional fees	1,051	1,408
Other (1)	22,327	19,590
Total	$ 118,234	$ 100,029

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

6. DEBT

Debt consisted of the following as of September 28, 2019 and December 29, 2018:

	September 28, 2019	December 29, 2018
Term Loan, due 2024:		
$625.8 million and $630.6 million, net of $1.2 million and $1.3 million discount at September 28, 2019 and December 29, 2018, respectively	$ 624,672	$ 629,268
8 1/2% Senior Notes, due 2022	—	250,000
6 1/8% Senior Notes, due 2023:		
$650.0 million, net of $1.0 million and $1.1 million discount at September 28, 2019 and December 29, 2018, respectively	649,073	648,891
5 1/8% Senior Notes, due 2025	300,000	300,000
6 1/2% Senior Notes, due 2027	300,000	—
Total	1,873,745	1,828,159
Current portion of long-term debt	6,354	6,354
Long-term debt	$ 1,867,391	$ 1,821,805

The contractual payments of long-term debt, including current maturities, for the five years subsequent to September 28, 2019, are as follows:

2019 (three months)	$ 1,588
2020	7,942
2021	6,354
2022	6,354
2023	656,354
2024	597,252
Thereafter	600,000
Total	1,875,844
Less: Original issue net discount	(2,099)
Less: Capitalized loan costs	(13,977)
Total debt	$ 1,859,768

Senior Notes—On March 15, 2019, Summit LLC and Summit Materials Finance Corp., an indirect wholly-owned subsidiary of Summit LLC ("Finance Corp." and together with Summit LLC, the "Issuers") issued $300.0 million in aggregate principal amount of 6.500% senior notes due March 15, 2027 (the "2027 Notes"). The 2027 Notes were issued at 100.0% of their par value with proceeds of $296.3 million, net of related fees and expenses. The 2027 Notes were issued under an indenture dated March 25, 2019 (the "2019 Indenture"). The 2019 Indenture contains covenants limiting, among other things, Summit LLC and its restricted subsidiaries' ability to incur additional indebtedness or issue certain preferred shares, pay dividends, redeem stock or make other distributions, make certain investments, sell or transfer certain assets, create liens, consolidate, merge, sell or otherwise dispose of all or substantially all of its assets, enter into certain transactions with affiliates, and designate subsidiaries as unrestricted subsidiaries. The 2019 Indenture also contains customary events of default. Interest on the 2027 Notes is payable semi-annually on March 15 and September 15 of each year commencing on September 15, 2019.

In March 2019, using the proceeds from the 2027 Notes, all of the outstanding $250.0 million 8.500% senior notes due 2022 (the "2022 Notes") were redeemed at a price equal to par plus an applicable premium and the indenture under which the 2022 Notes were issued was satisfied and discharged. As a result of the extinguishment, charges of $14.6 million were recognized in the quarter ended March 30, 2019, which included charges of$11.7 million for the applicable redemption premium and $2.9 million for the write-off of deferred financing fees.

In 2017, the Issuers issued $300.0 million of 5.125% senior notes due June 1, 2025 (the "2025 Notes"). The 2025 Notes were issued at 100.0% of their par value with proceeds of $295.4 million, net of related fees and expenses. The 2025 Notes were issued under an indenture dated June 1, 2017, the terms of which are generally consistent with the 2019 Indenture. Interest on the 2025 Notes is payable semi-annually on June 1 and December 1 of each year commencing on December 1, 2017.

In 2015, the Issuers issued $650.0 million of 6.125% senior notes due July 2023 (the "2023 Notes" and collectively with the 2025 Notes and the 2027 Notes, the "Senior Notes"). Of the aggregate $650.0 million of 2023 Notes, $350.0 million were issued at par and $300.0 million were issued at 99.375% of par. The 2023 Notes were issued under an indenture dated July 8, 2015, the terms of which are generally consistent with the 2019 Indenture. Interest on the 2023 Notes is payable semi-annually in arrears on January 15 and July 15 of each year.

As of September 28, 2019 and December 29, 2018, the Company was in compliance with all financial covenants under the applicable indentures.

Senior Secured Credit Facilities— Summit LLC has credit facilities that provide for term loans in an aggregate amount of $650.0 million and revolving credit commitments in an aggregate amount of $345.0 million (the "Senior Secured Credit Facilities"). Under the Senior Secured Credit Facilities, required principal repayments of 0.25% of the refinanced aggregate amount of term debt are due on the last business day of each March, June, September and December commencing with the March 2018 payment. The unpaid principal balance is due in full on the maturity date, which is November 21, 2024.

On February 25, 2019, Summit LLC entered into Incremental Amendment No. 4 to the credit agreement governing the Senior Secured Credit Facilities (the "Credit Agreement") which, among other things, increased the total amount available under the revolving credit facility to $345.0 million and extended the maturity date of the Credit Agreement with respect to the revolving credit commitments to February 25, 2024. During 2018 and 2017, Summit LLC entered into three different amendments to the Credit Agreement, which among other things, reduced the applicable margin in respect to the outstanding principal amount at the time of the respective amendments.

The revolving credit facility bears interest per annum equal to, at Summit LLC's option, either (i) a base rate determined by reference to the highest of (a) the federal funds rate plus 0.50%, (b) the prime rate of Bank of America, N.A. and (c) LIBOR plus 1.00%, plus an applicable margin of 2.00% for base rate loans or (ii) a LIBOR rate determined by reference to Reuters prior to the interest period relevant to such borrowing adjusted for certain additional costs plus an applicable margin of 3.00% for LIBOR rate loans.

There were no outstanding borrowings under the revolving credit facility as of September 28, 2019 and December 29, 2018, with borrowing capacity of $329.8 million remaining as of September 28, 2019, which is net of $15.2 million of outstanding letters of credit. The outstanding letters of credit are renewed annually and support required bonding on construction projects, large leases, workers compensation claims and the Company's insurance liabilities.

Summit LLC's Consolidated First Lien Net Leverage Ratio, as such term is defined in the Credit Agreement, should be no greater than 4.75:1.0 as of each quarter-end. As of September 28, 2019 and December 29, 2018, Summit LLC was in compliance with all financial covenants.

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

The following table presents the activity for the deferred financing fees for the nine months ended September 28, 2019 and September 29, 2018:

	Deferred financing fees
Balance—December 29, 2018	$ 15,475
Loan origination fees	6,312
Amortization	(2,668)
Write off of deferred financing fees	(2,851)
Balance—September 28, 2019	$ 16,268
Balance - December 30, 2017	$ 19,033
Loan origination fees	550
Amortization	(3,074)
Balance - September 29, 2018	$ 16,509

Other—On January 15, 2015, the Company's wholly-owned subsidiary in British Columbia, Canada entered into an agreement with HSBC for a (i) $6.0 million Canadian dollar ("CAD") revolving credit commitment to be used for operating activities that bears interest per annum equal to the bank's prime rate plus 0.20%, (ii) $0.5 million CAD revolving credit commitment to be used for capital equipment that bears interest per annum at the bank's prime rate plus 0.90% and (iii) $0.3 million CAD revolving credit commitment to provide guarantees on behalf of that subsidiary. There were no amounts outstanding under this agreement as of September 28, 2019 or December 29, 2018.

7. INCOME TAXES

Summit LLC is a limited liability company and passes its tax attributes for federal and state tax purposes to its parent company and is generally not subject to federal or state income tax. However, certain subsidiary entities file federal, state and Canadian income tax returns due to their status as taxable entities in the respective jurisdiction. The effective income tax rate for the C Corporations differs from the statutory federal rate primarily due to (1) tax depletion expense in excess of the expense recorded under U.S. GAAP, (2) state income taxes and the effect of graduated tax rates and (3) various other items, such as limitations on meals and entertainment and other costs. The effective income tax rate for the Canadian subsidiary is not significantly different from its historical effective tax rate.

Summit LLC and its subsidiaries expect additional unrecognized tax benefits related to the deductibility of interest expense in 2019 that if recognized would affect the annual effective tax rate, and included that in its estimate of those amounts in its annual effective tax rate. We did not recognize interest or penalties related to this amount as it is offset by other attributes. No material interest or penalties were recognized in income tax expense during the three and nine months ended September 28, 2019 and September 29, 2018. No uncertain tax benefits were recognized in the three and nine months ended September 29, 2018.

8. MEMBERS' INTEREST

Accumulated other comprehensive income (loss) —The changes in each component of accumulated other comprehensive income (loss) consisted of the following:

	Change in retirement plans	Foreign currency translation adjustments	Cash flow hedge adjustments	Accumulated other comprehensive (loss) income
Balance — December 29, 2018	$ (4,392)	$ (19,370)	$ 146	$ (23,616)
Foreign currency translation adjustment	—	3,263	—	3,263
Loss on cash flow hedges	—	—	(148)	(148)
Balance — September 28, 2019	$ (4,392)	$ (16,107)	$ (2)	$ (20,501)
Balance - December 30, 2017	$ (6,053)	$ (10,022)	$ (1,060)	$ (17,135)
Foreign currency translation adjustment	—	(3,179)	—	(3,179)
Income on cash flow hedges	—	—	1,443	1,443
Balance - September 29, 2018	$ (6,053)	$ (13,201)	$ 383	$ (18,871)

9. SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental cash flow information is as follows:

	Nine months ended	
	September 28, 2019	September 29, 2018
Cash payments:		
Interest	$ 89,759	$ 79,367
(Refund) payments for income taxes, net	(912)	3,362
Operating cash payments on operating leases	8,188	N/A
Operating cash payments on finance leases	2,322	N/A
Finance cash payments on finance leases	9,806	N/A
Non cash financing activities:		
Right of use assets obtained in exchange for operating lease obligations	$ 4,387	N/A
Right of use assets obtained in exchange for finance leases obligations	18,586	N/A

10. LEASES

We lease construction and office equipment, distribution facilities and office space. Leases with an initial term of 12 months or less, including month to month leases, are not recorded on the balance sheet. Lease expense for short-term leases is recognized on a straight line basis over the lease term. For lease agreements entered into or reassessed after the adoption of ASC 842, we combine lease and nonlease components. While we also own mineral leases for mining operations, those leases are outside the scope of ASC 842. Assets acquired under finance leases are included in property, plant and equipment.

Many of our leases include options to purchase the leased equipment. The depreciable life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants. The components of lease expense were as follows:

	Three months ended September 28, 2019	Nine months ended September 28, 2019
Operating lease cost	$ 2,608	$ 7,757
Variable lease cost	151	366
Short-term lease cost	11,871	28,043
Financing lease cost:		
Amortization of right-of-use assets	2,612	7,905
Interest on lease liabilities	773	2,404
Total lease cost	$ 18,015	$ 46,475

	September 28, 2019
Supplemental balance sheet information related to leases:	
Operating leases:	
Operating lease right-of-use assets	$ 33,045
Current operating lease liabilities	$ 8,609
Noncurrent operating lease liabilities	25,329
Total operating lease liabilities	$ 33,938
Finance leases:	
Property and equipment, gross	$ 80,197
Less accumulated depreciation	(23,552)
Property and equipment, net	$ 56,645
Current finance lease liabilities	$ 17,288
Long-term finance lease liabilities	39,093
Total finance lease liabilities	$ 56,381

	September 28, 2019	
	Lease Term *(years)*	Discount Rate (%)
Weighted average:		
Operating leases	7.7	5.6%
Finance lease	2.7	5.5%

Maturities of lease liabilities were as follows:

	Operating Leases	Finance Leases
2019 (three months)	$ 2,551	$ 5,372
2020	9,800	17,870
2021	7,813	20,578
2022	4,717	12,240
2023	3,570	1,629
2024	1,901	2,131
Thereafter	11,820	2,662
Total lease payments	42,172	62,482
Less imputed interest	(8,234)	(6,101)
Present value of lease payments	$ 33,938	$ 56,381

As previously disclosed, our future minimum lease payment obligations as of December 29, 2018 were as follows:

		Operating Leases
2019	$	9,479
2020		8,101
2021		6,701
2022		4,279
2023		3,411

11. COMMITMENTS AND CONTINGENCIES

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

In March 2018, we were notified of an investigation by the Canadian Competition Bureau (the "CCB") into pricing practices by certain asphalt paving contractors in British Columbia, including Winvan Paving, Ltd. ("Winvan"). We believe the investigation is focused on time periods prior to our April 2017 acquisition of Winvan and we are cooperating with the CCB.

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

The Company has asset retirement obligations arising from regulatory and contractual requirements to perform reclamation activities at the time certain quarries and landfills are closed. As of September 28, 2019 and December 29, 2018, $27.1 million and $26.9 million, respectively, were included in other noncurrent liabilities on the consolidated balance sheets and $4.8 million and $4.1 million, respectively, were included in accrued expenses for future reclamation costs. The total undiscounted anticipated costs for site reclamation as of September 28, 2019 and December 29, 2018 were $89.4 million and $92.5 million, respectively.

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

12. FAIR VALUE

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

The Company entered into interest rate derivatives on $200.0 million of its term loan borrowings to add stability to interest expense and to manage its exposure to interest rate movements. The interest rate derivative expired in September 2019. The effective portion of changes in the fair value of derivatives designated and that qualify as cash flow hedges is recorded in accumulated other comprehensive income (loss) and will be subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. The fair value of contingent consideration and derivatives as of September 28, 2019 and December 29, 2018 was:

	September 28, 2019	December 29, 2018
Current portion of acquisition-related liabilities and Accrued expenses:		
Contingent consideration	$ 2,674	$ 1,394
Cash flow hedges	—	—
Acquisition-related liabilities and Other noncurrent liabilities:		
Contingent consideration	$ 1,270	$ 5,175
Cash flow hedges	—	—

The fair value of contingent consideration was based on unobservable, or Level 3, inputs, including projected probability-weighted cash payments and a 10.0% discount rate, which reflects a market discount rate. Changes in fair value may occur as a result of a change in actual or projected cash payments, the probability weightings applied by the Company to projected payments or a change in the discount rate. Significant increases or decreases in any of these inputs in isolation could result in a lower, or higher, fair value measurement. The fair value of the cash flow hedges is based on observable, or Level 2, inputs such as interest rates, bond yields and prices in inactive markets. There were no material valuation adjustments to contingent consideration or derivatives as of September 28, 2019 and September 29, 2018.

Financial Instruments—The Company's financial instruments include debt and certain acquisition-related liabilities (deferred consideration and noncompete obligations). The carrying value and fair value of these financial instruments as of September 28, 2019 and December 29, 2018 was:

	September 28, 2019		December 29, 2018	
	Fair Value	Carrying Value	Fair Value	Carrying Value
Level 2				
Long-term debt(1)	$ 1,914,189	$ 1,873,745	$ 1,777,722	$ 1,828,159
Level 3				
Current portion of deferred consideration and noncompete obligations(2)	29,224	29,224	30,376	30,376
Long term portion of deferred consideration and noncompete obligations(3)	37,375	37,375	40,179	40,179

(1) $6.4 million were included in current portion of debt as of September 28, 2019 and December 29, 2018.
(2) Included in current portion of acquisition-related liabilities on the consolidated balance sheets.
(3) Included in acquisition-related liabilities on the consolidated balance sheets.

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

Securities with a maturity of three months or less are considered cash equivalents and the fair value of these assets approximates their carrying value.

13. SEGMENT INFORMATION

The Company has three operating segments: West, East, and Cement, which are its reporting segments. These segments are consistent with the Company's management reporting structure.

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

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

The following tables display selected financial data for the Company's reportable business segments as of September 28, 2019 and December 29, 2018 and for the three and nine months ended September 28, 2019 and September 29, 2018:

	Three months ended		Nine months ended	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
Revenue*:				
West	$ 366,504	$ 367,912	$ 848,661	$ 871,338
East	266,587	232,777	596,107	525,270
Cement	98,991	93,972	220,844	213,364
Total revenue	$ 732,082	$ 694,661	$ 1,665,612	$ 1,609,972

*Intercompany sales are immaterial and the presentation above only reflects sales to external customers.

	Three months ended		Nine months ended	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
Income from operation before taxes	$ 103,956	$ 94,926	$ 59,401	$ 71,756
Interest expense	28,800	28,720	88,020	86,066
Depreciation, depletion and amortization	54,575	53,494	162,417	149,439
Accretion	552	480	1,723	1,224
Loss on debt financings	—	—	14,565	149
Gain on sale of business	—	(12,108)	—	(12,108)
Transaction costs	751	1,260	1,449	3,817
Non-cash compensation	4,819	5,643	15,424	19,833
Other	(136)	(409)	(2,628)	(7,316)
Total Adjusted EBITDA	$ 193,317	$ 172,006	$ 340,371	$ 312,860
Total Adjusted EBITDA by Segment:				
West	$ 81,936	$ 73,916	$ 151,054	$ 151,316
East	76,825	58,305	134,479	100,497
Cement	42,683	44,299	75,537	82,626
Corporate and other	(8,127)	(4,514)	(20,699)	(21,579)
Total Adjusted EBITDA	$ 193,317	$ 172,006	$ 340,371	$ 312,860

	Nine months ended	
	September 28, 2019	September 29, 2018
Purchases of property, plant and equipment		
West	$ 61,679	$ 104,217
East	61,830	51,968
Cement	15,087	21,621
Total reportable segments	138,596	177,806
Corporate and other	1,166	5,946
Total purchases of property, plant and equipment	$ 139,762	$ 183,752

	Three months ended		Nine months ended	
	September 28, 2019	September 29, 2018	September 28, 2019	September 29, 2018
Depreciation, depletion, amortization and accretion:				
West	$ 23,307	$ 23,289	$ 70,156	$ 68,029
East	19,668	19,429	59,719	54,982
Cement	11,111	10,682	31,280	25,733
Total reportable segments	54,086	53,400	161,155	148,744
Corporate and other	1,041	574	2,985	1,919
Total depreciation, depletion, amortization and accretion	$ 55,127	$ 53,974	$ 164,140	$ 150,663

	September 28, 2019	December 29, 2018
Total assets:		
West	$ 1,440,010	$ 1,370,501
East	1,334,247	1,253,640
Cement	879,140	877,586
Total reportable segments	3,653,397	3,501,727
Corporate and other	196,085	131,517
Total	$ 3,849,482	$ 3,633,244

14. GUARANTOR AND NON-GUARANTOR FINANCIAL INFORMATION

Summit LLC's domestic wholly-owned subsidiary companies other than Finance Corp. are named as guarantors (collectively, the "Guarantors") of the Senior Notes. Finance Corp. does not and will not have any assets or operations other than as may be incidental to its activities as a co-issuer of the Senior Notes and other indebtedness. Certain other partially-owned subsidiaries and a non-U.S. entity do not guarantee the Senior Notes (collectively, the "Non-Guarantors"). The Guarantors provide a joint and several, full and unconditional guarantee of the Senior Notes.

There are no significant restrictions on Summit LLC's ability to obtain funds from any of the Guarantor Subsidiaries in the form of dividends or loans. Additionally, there are no significant restrictions on a Guarantor Subsidiary's ability to obtain funds from Summit LLC or its direct or indirect subsidiaries.

The following condensed consolidating balance sheets, statements of operations and cash flows are provided for the Issuers, the wholly-owned guarantors and the Non-Guarantors.

Earnings from subsidiaries are included in other income in the condensed consolidated statements of operations below. The financial information may not necessarily be indicative of the financial position, results of operations or cash flows had the guarantor or non-guarantor subsidiaries operated as independent entities.

Condensed Consolidating Balance Sheets
September 28, 2019

	Issuers	100% Owned Guarantors	Non-Guarantors	Eliminations	Consolidated
Assets					
Current assets:					
Cash and cash equivalents	$ 178,242	$ 2,197	$ 7,069	$ (4,919)	$ 182,589
Accounts receivable, net	—	314,249	23,005	(194)	337,060
Intercompany receivables	449,895	782,193	—	(1,232,088)	—
Cost and estimated earnings in excess of billings	—	47,033	2,682	—	49,715
Inventories	—	193,195	3,820	—	197,015
Other current assets	1,811	9,382	844	—	12,037
Total current assets	629,948	1,348,249	37,420	(1,237,201)	778,416
Property, plant and equipment, net	11,348	1,688,612	62,347	—	1,762,307
Goodwill	—	1,141,574	57,922	—	1,199,496
Intangible assets, net	—	24,446	—	—	24,446
Operating lease right-of-use assets	3,486	24,447	5,112	—	33,045
Other assets	3,499,351	160,937	799	(3,609,315)	51,772
Total assets	$ 4,144,133	$ 4,388,265	$ 163,600	$ (4,846,516)	$ 3,849,482
Liabilities and Member's Interest					
Current liabilities:					
Current portion of debt	$ 6,354	$ —	$ —	$ —	$ 6,354
Current portion of acquisition-related liabilities	—	31,898	—	—	31,898
Accounts payable	3,318	138,284	11,435	(194)	152,843
Accrued expenses	39,361	80,757	3,035	(4,919)	118,234
Current operating lease liabilities	750	6,796	1,063	—	8,609
Intercompany payables	782,697	429,858	19,533	(1,232,088)	—
Billings in excess of costs and estimated earnings	—	11,543	933	—	12,476
Total current liabilities	832,480	699,136	35,999	(1,237,201)	330,414
Long-term debt	1,853,414	—	—	—	1,853,414
Acquisition-related liabilities	—	38,645	—	—	38,645
Noncurrent operating lease liabilities	3,674	17,684	3,971	—	25,329
Other noncurrent liabilities	3,901	205,384	78,749	(137,018)	151,016
Total liabilities	2,693,469	960,849	118,719	(1,374,219)	2,398,818
Total member's interest	1,450,664	3,427,416	44,881	(3,472,297)	1,450,664
Total liabilities and member's interest	$ 4,144,133	$ 4,388,265	$ 163,600	$ (4,846,516)	$ 3,849,482

Condensed Consolidating Balance Sheets
December 29, 2018

	Issuers	100% Owned Guarantors	Non-Guarantors	Eliminations	Consolidated
Assets					
Current assets:					
Cash and cash equivalents	$ 117,219	$ 8,440	$ 7,719	$ (4,870)	$ 128,508
Accounts receivable, net	—	199,538	15,165	(185)	214,518
Intercompany receivables	500,765	624,427	—	(1,125,192)	—
Cost and estimated earnings in excess of billings	—	17,711	891	—	18,602
Inventories	—	210,149	3,702	—	213,851
Other current assets	1,953	11,308	2,800	—	16,061
Total current assets	619,937	1,071,573	30,277	(1,130,247)	591,540
Property, plant and equipment, net	13,300	1,709,083	57,749	—	1,780,132
Goodwill	—	1,136,785	56,243	—	1,193,028
Intangible assets, net	—	18,460	—	—	18,460
Other assets	3,292,851	154,080	947	(3,397,794)	50,084
Total assets	$ 3,926,088	$ 4,089,981	$ 145,216	$ (4,528,041)	$ 3,633,244
Liabilities and Member’s Interest					
Current liabilities:					
Current portion of debt	$ 6,354	$ —	$ —	$ —	$ 6,354
Current portion of acquisition-related liabilities	—	31,770	—	—	31,770
Accounts payable	4,712	92,132	12,349	(185)	109,008
Accrued expenses	45,146	57,826	1,927	(4,870)	100,029
Intercompany payables	673,175	436,564	15,453	(1,125,192)	—
Billings in excess of costs and estimated earnings	—	11,347	493	—	11,840
Total current liabilities	729,387	629,639	30,222	(1,130,247)	259,001
Long-term debt	1,807,502	—	—	—	1,807,502
Acquisition-related liabilities	—	45,354	—	—	45,354
Other noncurrent liabilities	3,768	226,137	77,368	(171,317)	135,956
Total liabilities	2,540,657	901,130	107,590	(1,301,564)	2,247,813
Total member's interest	1,385,431	3,188,851	37,626	(3,226,477)	1,385,431
Total liabilities and member’s interest	$ 3,926,088	$ 4,089,981	$ 145,216	$ (4,528,041)	$ 3,633,244

Condensed Consolidating Statements of Operations
For the three months ended September 28, 2019

	Issuers	100% Owned Guarantors	Non-Guarantors	Eliminations	Consolidated
Revenue	$ —	$ 706,999	$ 29,186	$ (4,103)	$ 732,082
Cost of revenue (excluding items shown separately below)	—	467,595	19,487	(4,103)	482,979
General and administrative expenses	13,603	46,816	2,676	—	63,095
Depreciation, depletion, amortization and accretion	1,042	52,739	1,346	—	55,127
Operating (loss) income	(14,645)	139,849	5,677	—	130,881
Other (income) loss, net	(132,261)	(1,501)	222	131,665	(1,875)
Interest expense (income)	32,129	(4,532)	1,203	—	28,800
Income from operation before taxes	85,487	145,882	4,252	(131,665)	103,956
Income tax expense	288	17,325	1,144	—	18,757
Net income attributable to Summit LLC	$ 85,199	$ 128,557	$ 3,108	$ (131,665)	$ 85,199
Comprehensive income attributable to member of Summit Materials, LLC	$ 84,026	$ 128,402	$ 4,436	$ (132,838)	$ 84,026

Condensed Consolidating Statements of Operations
For the nine months ended September 28, 2019

	Issuers	100% Owned Guarantors	Non-Guarantors	Eliminations	Consolidated
Revenue	$ —	$ 1,603,338	$ 70,321	$ (8,047)	$ 1,665,612
Cost of revenue (excluding items shown separately below)	—	1,114,401	49,122	(8,047)	1,155,476
General and administrative expenses	37,887	146,136	8,341	—	192,364
Depreciation, depletion, amortization and accretion	2,986	156,827	4,327	—	164,140
Operating (loss) income	(40,873)	185,974	8,531	—	153,632
Other (income) loss, net	(183,971)	(6,427)	(553)	197,162	6,211
Interest expense (income)	94,848	(10,443)	3,615	—	88,020
Income from operation before taxes	48,250	202,844	5,469	(197,162)	59,401
Income tax expense	1,114	9,673	1,478	—	12,265
Net income attributable to Summit LLC	$ 47,136	$ 193,171	$ 3,991	$ (197,162)	$ 47,136
Comprehensive income attributable to member of Summit Materials, LLC	$ 50,251	$ 193,319	$ 728	$ (194,047)	$ 50,251

Condensed Consolidating Statements of Operations
For the three months ended September 29, 2018

	Issuers	100% Owned Guarantors	Non-Guarantors	Eliminations	Consolidated
Revenue	$ —	$ 668,145	$ 28,064	$ (1,548)	$ 694,661
Cost of revenue (excluding items shown separately below)	—	452,394	20,957	(1,548)	471,803
General and administrative expenses	10,951	46,910	2,856	—	60,717
Depreciation, depletion, amortization and accretion	574	52,213	1,187	—	53,974
Operating (loss) income	(11,525)	116,628	3,064	—	108,167
Other income, net	(132,382)	(3,019)	(236)	132,266	(3,371)
Interest expense (income)	29,396	(1,882)	1,206	—	28,720
Gain on sale of business	—	(12,108)	—	—	(12,108)
Income from operation before taxes	91,461	133,637	2,094	(132,266)	94,926
Income tax expense	1,034	2,898	567	—	4,499
Net income attributable to Summit LLC	$ 90,427	$ 130,739	$ 1,527	$ (132,266)	$ 90,427
Comprehensive income (loss) attributable to member of Summit Materials, LLC	$ 92,484	$ 130,652	$ (443)	$ (130,209)	$ 92,484

Condensed Consolidating Statements of Operations
For the nine months ended September 29, 2018

	Issuers	100% Owned Guarantors	Non-Guarantors	Eliminations	Consolidated
Revenue	$ —	$ 1,548,960	$ 65,597	$ (4,585)	$ 1,609,972
Cost of revenue (excluding items shown separately below)	—	1,087,150	48,031	(4,585)	1,130,596
General and administrative expenses	45,175	141,372	8,245	—	194,792
Depreciation, depletion, amortization and accretion	1,919	145,135	3,609	—	150,663
Operating (loss) income	(47,094)	175,303	5,712	—	133,921
Other income, net	(204,677)	(10,563)	(87)	203,534	(11,793)
Interest expense (income)	87,924	(5,447)	3,589	—	86,066
Gain on sale of business	—	(12,108)	—	—	(12,108)
Income from operation before taxes	69,659	203,421	2,210	(203,534)	71,756
Income tax expense	1,226	1,481	616	—	3,323
Net income attributable to Summit LLC	$ 68,433	$ 201,940	$ 1,594	$ (203,534)	$ 68,433
Comprehensive income attributable to member of Summit Materials, LLC	$ 66,697	$ 200,497	$ 4,773	$ (205,270)	$ 66,697

Condensed Consolidating Statements of Cash Flows
For the nine months ended September 28, 2019

	Issuers	100% Owned Guarantors	Non-Guarantors	Eliminations	Consolidated
Net cash (used in) provided by operating activities	$ (85,516)	$ 241,172	$ 8,187	$ —	$ 163,843
Cash flow from investing activities:					
Acquisitions, net of cash acquired	—	(2,842)	—	—	(2,842)
Purchase of property, plant and equipment	(1,166)	(129,170)	(9,426)	—	(139,762)
Proceeds from the sale of property, plant, and equipment	—	12,950	85	—	13,035
Other	—	(207)	—	—	(207)
Net cash used for investing activities	(1,166)	(119,269)	(9,341)	—	(129,776)
Cash flow from financing activities:					
Proceeds from investment by member	(35,581)	38,140	—	—	2,559
Net proceeds from debt issuance	300,000	—	—	—	300,000
Loans received from and payments made on loans from other Summit Companies	147,325	(147,782)	506	(49)	—
Payments on long-term debt	(254,765)	(9,965)	(176)	—	(264,906)
Payments on acquisition-related liabilities	—	(8,500)	—	—	(8,500)
Debt issuance costs	(6,312)	—	—	—	(6,312)
Distributions from partnership	(2,500)	—	—	—	(2,500)
Other	(462)	(39)	—	—	(501)
Net cash provided by (used in) financing activities	147,705	(128,146)	330	(49)	19,840
Impact of cash on foreign currency	—	—	174	—	174
Net increase (decrease) in cash	61,023	(6,243)	(650)	(49)	54,081
Cash — Beginning of period	117,219	8,440	7,719	(4,870)	128,508
Cash — End of period	$ 178,242	$ 2,197	$ 7,069	$ (4,919)	$ 182,589

Condensed Consolidating Statements of Cash Flows
For the nine months ended September 29, 2018

	Issuers	100% Owned Guarantors	Non-Guarantors	Eliminations	Consolidated
Net cash (used in) provided by operating activities	$ (107,736)	$ 173,597	$ 4,696	$ —	$ 70,557
Cash flow from investing activities:					
Acquisitions, net of cash acquired	—	(210,894)	—	—	(210,894)
Purchase of property, plant and equipment	(5,946)	(156,016)	(21,790)	—	(183,752)
Proceeds from the sale of property, plant, and equipment	—	18,257	169	—	18,426
Proceeds from the sale of a business	—	21,564	—	—	21,564
Other	—	2,660	—	—	2,660
Net cash used for investing activities	(5,946)	(324,429)	(21,621)	—	(351,996)
Cash flow from financing activities:					
Proceeds from investment by member	(112,386)	128,001	—	—	15,615
Net proceeds from debt issuance	64,500	—	—	—	64,500
Loans received from and payments made on loans from other Summit Companies	(60,387)	58,052	6,215	(3,880)	—
Payments on long-term debt	(69,265)	(9,701)	(61)	—	(79,027)
Payments on acquisition-related liabilities	—	(32,821)	—	—	(32,821)
Financing costs	(550)	—	—	—	(550)
Distributions from partnership	(2,569)	—	—	—	(2,569)
Other	(873)	(1,007)	(33)	—	(1,913)
Net cash (used in) provided by financing activities	(181,530)	142,524	6,121	(3,880)	(36,765)
Impact of cash on foreign currency	—	—	(422)	—	(422)
Net decrease in cash	(295,212)	(8,308)	(11,226)	(3,880)	(318,626)
Cash — Beginning of period	370,741	10,254	14,933	(12,372)	383,556
Cash — End of period	$ 75,529	$ 1,946	$ 3,707	$ (16,252)	$ 64,930

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