

First Quarter 2016 Earnings Presentation



NYSE:BLD



Safe Harbor

Statements contained in this presentation that are not historical and reflect our views about future periods and events, including our future performance, constitute "forward-looking statements" under the Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as "will," "would," "anticipate," "expect," "believe," "plan," "hope," "estimates," "suggests," "has the potential to," "should" or "intend," and other words and phrases of similar meanings, the negative of these terms, and similar references to future periods. Forward-looking statements are based on management's current expectations and are subject to risks and uncertainties that are difficult to predict and, accordingly, our actual results may differ materially from the results discussed in our forward-looking statements. Our future performance may be affected by our reliance on residential new construction, residential repair/remodel, and commercial construction; our reliance on third-party suppliers and manufacturers; our ability to attract, develop and retain talented personnel and our sales and labor force; our ability to maintain consistent practices across our locations; our ability to maintain our competitive position; and our ability to realize the expected benefits of the Separation. We discuss the material risks we face under the caption entitled "Risk Factors" in our most recent Annual Report on Form 10-K filed with the SEC and under similar headings in our subsequently filed Quarterly Reports on Forms 10-Q. Our forward-looking statements in this presentation speak only as of the date of this presentation. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. Unless required by law, we undertake no obligation to update publicly any forward-looking statements as a result of new information, future events, or otherwise.

The Company believes that the non-GAAP performance measures and ratios that are contained herein, which management uses to manage our business, provide users of this financial information with additional meaningful comparisons between current results and results in our prior periods. Non-GAAP performance measures and ratios should be viewed in addition to, and not as an alternative for, the Company's reported results under accounting principles generally accepted in the United States. Additional information about the Company is contained in the Company's filings with the SEC and is available on TopBuild's website at www.topbuild.com.

Q1 Overview

(\$ in 000s)	First Quarter 2016
Sales Y-O-Y Change	\$414,024 15.5%
Gross Profit Margin Y-O-Y Change	21.6% 100 bps
Adjusted Operating Profit Margin * Y-O-Y Change	5.0% 310 bps
Adjusted Net Income per Share * Y-O-Y Change	\$0.31 \$0.25

** See Slides 16 & 17 for adjusted EBITDA reconciliation and GAAP to non-GAAP reconciliation*

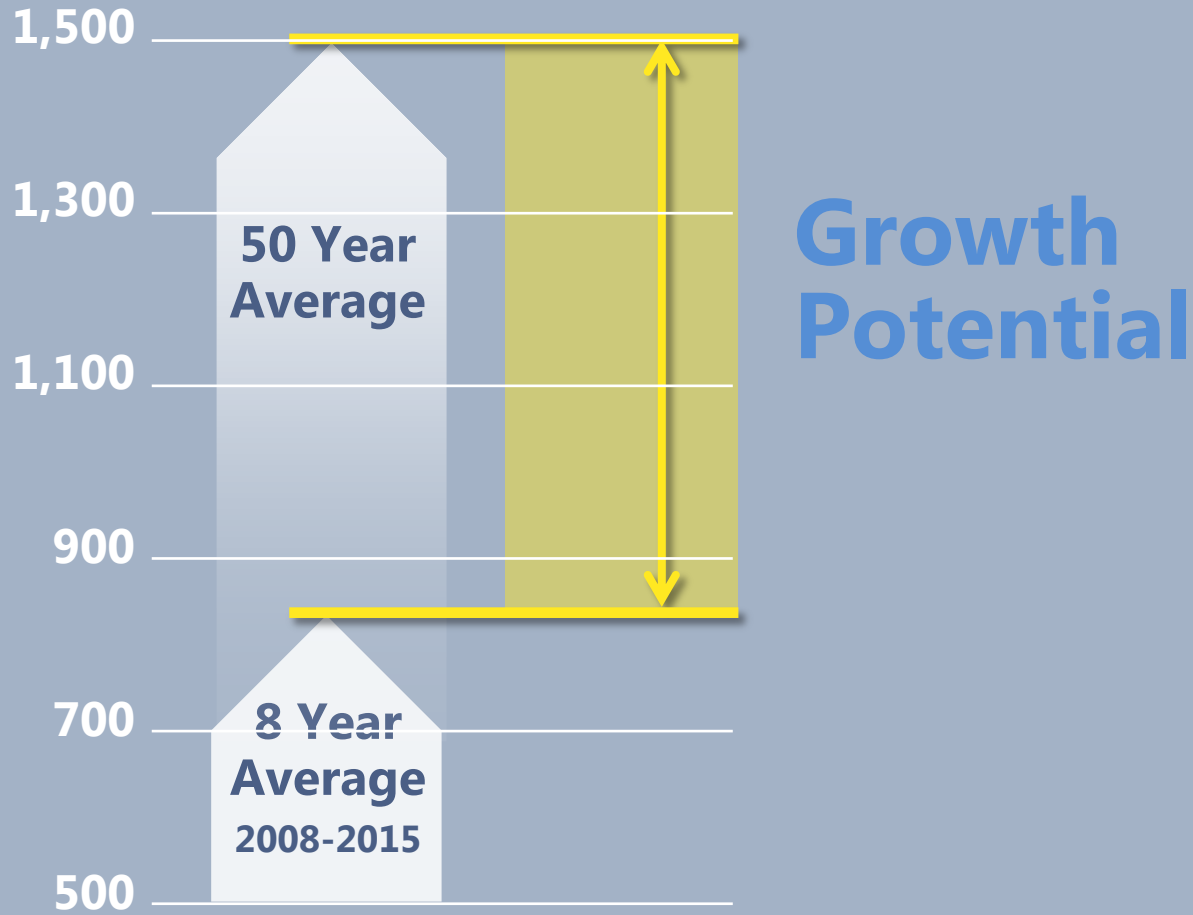
Strong Revenue Growth and Expanding Margins

Capital Allocation



- Accretive/Strategic Acquisitions
 - Installation and distribution targets
 - Expand market penetration
 - Focus on regions with outside growth prospects
 - Commercial Installation
 - Fragmented industry
 - Growth opportunity
- \$50M Share Repurchase Program
 - \$1.5M Purchased
 - \$28.81 average price

Demonstrated Commitment to Enhancing Shareholder Value

Housing Starts



Q1 Operations Review

(\$ in 000s)		
Sales Y-O-Y Change	\$272,878 16.9%	\$160,888 11.3%
Adjusted Operating Profit * Y-O-Y Increase	\$14,334 \$14,374	\$14,416 \$3,039
Adjusted Operating Margin * Y-O-Y Change	5.3% 530 bps	9.0% 110 bps

* See slide 17 for GAAP to non-GAAP reconciliation

Mild Winter, Increased Market Share, Simplified Processes

Key Initiatives

- Continue to streamline and simplify the business
- Local empowerment and execution
- Expand market share in RNC and leverage the growth in new home construction
- Grow opportunity in Commercial business



Continuing to Drive Operational Improvements

Commercial Growth



Existing Expertise



Commercial Hub



**Take what we
are already
doing in
commercial**

**Leverage our
scale and
commercial
expertise**

**Outpace the
industry with
effective,
sustainable growth**

TopBuild Home Services

2016 ENERGY STAR Partner

Customer Value Proposition

- Pre-construction plan reviews
- Home energy analysis modeling
- Diagnostic testing

Benefits to TopBuild

- More stringent energy codes require more pounds of insulation
- Another important channel to interact with customer



Leveraging our Building Science Expertise to Grow Market Share

Income Statement

(\$ in 000s)	First Quarter 2016	First Quarter 2015
Sales <i>Y-O-Y Change</i>	\$414,024 15.5%	\$358,460
Adjusted Operating Profit * <i>Y-O-Y Change</i>	\$20,775 212.6%	\$6,645
Adjusted Operating Margin * <i>Y-O-Y Change</i>	5.0% 310 bps	1.9%
Adjusted EBITDA * <i>Y-O-Y Change</i>	\$25,270 140.5%	\$10,506

** See Slides 16 & 17 for adjusted EBITDA reconciliation and GAAP to non-GAAP reconciliation*

Highlights

- Sales up 15.5%...strong Residential and Commercial volume and improved weather conditions
- Adjusted operating profit up 310 bps on volume growth and continued strong cost control



(\$ in 000s)	First Quarter 2016	First Quarter 2015
Sales <i>Y-O-Y Change</i>	\$272,878 16.9%	\$233,363
Adjusted Operating Profit * <i>Y-O-Y Change</i>	\$14,334 Fav	(\$40)
Adjusted Operating Margin * <i>Y-O-Y Change</i>	5.3% 530 bps	(0.0%)

* See slide 17 for GAAP to non-GAAP reconciliation

Highlights

- Strong sales growth driven by higher level activity in both residential and commercial and higher selling price
- Margin improvement due to volume leverage, improved price and cost reduction activities

SERVICE partners

(\$ in 000s)	First Quarter 2016	First Quarter 2015
Sales <i>Y-O-Y Change</i>	\$160,888 11.3%	\$144,611
Adjusted Operating Profit * <i>Y-O-Y Change</i>	\$14,416 26.7%	\$11,377
Adjusted Operating Margin * <i>Y-O-Y Change</i>	9.0% 110 bps	7.9%

* See slide 17 for GAAP to non-GAAP reconciliation

Highlights

- Sales up 11.3% for improved residential and commercial volumes and share gains; partially offset by lower selling prices
- 1Q 2016 adjusted operating margin % improved 110 basis points on volume leverage and cost reductions; partially offset by lower selling prices

Selling, general and administrative expenses

(\$ in 000s)	First Quarter 2016	First Quarter 2015
SG&A expenses as reported <i>SG&A % of sales</i> <i>SG&A % of sales vs. prior year</i>	\$69,688 16.8% 410 bps	\$74,963 20.9%
SG&A adjusted for non-GAAP items and allocations <i>Adj. SG&A % of sales</i> <i>Adj. SG&A % of sales vs. prior year</i>	\$68,680 16.6% 210 bps	\$67,171 18.7%

Highlights

- SG&A down \$5.3M as reported and up \$1.5M when excluding impact of non-GAAP reconciling items
- Adjusted SG&A impacted by higher stock based compensation expense and equipment disposals

Adjusted EPS

(\$ in 000s)

	Three Months Ended	
	March 31,	
	2016	2015
Income (loss) from continuing operations before income taxes, as reported	\$ 18,169	\$ (4,300)
Rationalization charges [†]	1,008	642
Legal adjustments, net	—	350
Masco general corporate expense, net	—	7,903
Masco direct corporate expense	—	4,397
Expected standalone corporate expense	—	(5,500)
Income from continuing operations before income taxes, as adjusted	19,177	3,492
Tax rate at 38% and 36% for 2016 and 2015, respectively	(7,287)	(1,257)
Income from continuing operations, as adjusted	\$ 11,890	\$ 2,235
Income per common share, as adjusted	\$ 0.31	\$ 0.06
Average diluted common shares outstanding	37,899,110	37,667,947

† 2015 Rationalization charges included spin-off charges.

Cash Flow/Working Capital/CAPEX

(\$ in 000s)	Three Months ended March, 31 2016	Three Months ended March, 31 2015
CAPEX	\$2,900	\$2,298
Working Capital % to sales (using LTM sales)	7.6%	8.1%
Operating Cash Flow	\$3,353	(\$18,639)
Cash Balance	\$108,150	\$3,599

Highlights

- CAPEX @ 0.7% of sales
- Working capital improves by 50 bps vs. prior year on improved inventory and accounts payable performance
- Operating cash flow up \$22 million on primarily improved earnings
- Overall liquidity of \$178 million between cash and accessible credit facility

Adjusted EBITDA Reconciliation

(\$ in 000s)

	Three Months Ended March 31,		Change
	2016	2015	
Net sales after eliminations	\$ 414,024	\$ 358,460	15.5 %
Operating profit (loss), as reported	\$ 19,767	\$ (1,147)	
<i>Operating margin, as reported</i>	4.8 %	(0.3) %	
Rationalization charges	1,008 ‡	642 †	
Legal adjustments, net	—	350	
Masco general corporate expense, net	—	7,903	
Masco direct corporate expense	—	4,397	
Expected standalone corporate expense	—	(5,500)	
Operating profit, as adjusted	\$ 20,775	\$ 6,645	
<i>Operating margin, as adjusted</i>	5.0 %	1.9 %	
Share-based compensation	1,600	808	
Depreciation and amortization	2,895	3,053	
EBITDA, as adjusted	\$ 25,270	\$ 10,506	
Sales change period over period	55,564		
EBITDA, as adjusted change period over period	14,764		
EBITDA, as adjusted as percentage of sales change	26.6 %		

† 2015 Rationalization charges included spin-off charges.

‡ 2016 Rationalization charges include corporate level adjustments as well as segment operating adjustments

Segment GAAP to Non-GAAP Reconciliation

(\$ in 000s)

	Three Months Ended March 31,		Change
	2016	2015	
Installation			
Sales	\$ 272,878	\$ 233,363	16.9 %
Operating profit (loss), as reported	\$ 13,506	\$ (1,032)	
Operating margin, as reported	4.9 %	(0.4) %	
Rationalization charges	828	642 †	
Legal adjustments, net	—	350	
Operating profit (loss), as adjusted	\$ 14,334	\$ (40)	
Operating margin, as adjusted	5.3 %	(0.0) %	
Distribution			
Sales	\$ 160,888	\$ 144,611	11.3 %
Operating profit, as reported	\$ 14,333	\$ 11,377	
Operating margin, as reported	8.9 %	7.9 %	
Rationalization charges	83	—	
Operating profit, as adjusted	\$ 14,416	\$ 11,377	
Operating margin, as adjusted	9.0 %	7.9 %	

† 2015 Rationalization charges included spin-off charges.